Daily Report

Latin America

FBIS-LAT-94-105
Wednesday
1 June 1994

Daily Report
Latin America

FBIS-LAT-94-105 *1 June 1994*

CONTENTS

NOTICE TO READERS: An Ω indicates a Foreign Media Note.

INTERNATIONAL AFFAIRS

Mexico Urged To Back Broader Whale Sanctuary Plan *[Mexico City TV]* 1
Commission Approves Sanctuary *[Mexico City TV]* 1

INTER-AMERICAN AFFAIRS

Mercosur Implementation 'Likely' To Be Delayed *[Madrid EFE]* 2
Mercosur Members Reach Agreement on TV Channels *[BUENOS AIRES HERALD 28 May]* 2

CARIBBEAN

Cuba

Authorities To Respect Asylum Seekers' Rights *[NOTIMEX]* 3
Some Asylum Seekers Refuse To Leave Residence *[NOTIMEX]* 3
Robaina Arrives in Cairo for NAM Meeting *[Havana Radio]* 3
Discusses Goals of Movement *[Havana TV]* 4
More on NAM Summit *[Havana TV]* 4
Alarcon Comments on UK Attitude Toward Embargo *[Havana TV]* 4
Commentary Discusses Latin American Summits *[Havana Radio]* 5
Minister Visits Colombia for Scientific Meeting *[Havana TV]* 5
Trade With Colombia Up in 1994 *[Havana Radio]* 6
Spanish Magazine Interviews Fidel Castro *[AFP]* 6
Fidel Castro Meets French Designer Cardin *[Havana Radio]* 6
Reciprocal Investment Talks Begin With Spain *[Havana Radio]* 7
Details on Mexican President's Request To Visit *[Havana Radio]* 7
Cupet, Mex-Petrol Negotiate Oil Joint Venture *[NOTIMEX]* 7
Finance Ministry Announces Price Increases *[Havana Radio]* 7
Text of Decree-Law 147 on Agencies' Reorganization *[GRANMA 22 Apr]* 8
High-Level Inspection of Western Army Units Ends *[Havana TV]* 11
Fuel Unloading Pipeline System Under Construction *[Havana Radio]* 11
Pedro Ross Chairs CTC National Secretariat Meeting *[Havana Radio]* 11
Balaguer Stresses Ideological Steadfastness *[Havana Radio]* 11
Provincial Officials Discuss Economic Recovery Issues *[Havana Radio]* 11
Alfredo Jordan Urges Enforcement of Agrarian Law *[Havana Radio]* 12
Vice Minister Praises Unit on Tomato Harvest *[Havana Radio]* 12
Water Outages Announced for Havana Municipalities *[Havana Radio]* 12
'Antonio Guiteras' Power Plant Operational *[Havana Radio]* 12
Electric Union Predicts Reduction in Power Outages *[Havana TV]* 12
Journalists Discuss Increase in Prostitution *[Havana Radio]* 12
Reporter Panel Analyzes Cafeteria Price Increases *[Havana Radio]* 14
Film Institute, French Company Sign Distribution Contract *[Havana Radio]* 15
Roundup of Economic Activity *[Havana Radio, TV]* 15

Dominican Republic

Vehicles Heading to Haiti With Fuel Seized *[Hamburg DPA]* 16

Haiti

Government Bans Malval, Officials From Leaving *[AFP]* 16

Aristide Said To Side With France on Invasion *[Port-au-Prince Radio]* 17
Ministers To Report to Sansaricq's Office *[Port-au-Prince Radio]* 17
Ministry Warns Against Criticizing Government *[Madrid EFE]* 17
Special Session Postponed Due to 'Security Problems' *[Madrid EFE]* 17
Organization Chief Calls for 'State of Siege' *[Port-au-Prince Radio]* 18
Invasion Rumors Generate Fear, Concern *[Port-au-Prince Radio]* 18

MEXICO

High-Ranking Officials: Torricelli 'Not Welcome' *[Mexico City Radio]* 19
Youths Demonstrate at U.S. Embassy *[LA JORNADA 30 May]* 19
Demonstrators Clash With Riot Police *[NOTIMEX]* 19
Government Disagrees With U.S. Cement Exports Decision *[Mexico City TV]* 20
Banamex-Accival: Foreign Capital Destabilizes Economy *[UNOMASUNO 27 May]* 20
Tello: Nothing To Hide Regarding Elections *[Mexico City Radio]* 20
PRI Candidate Rules Out Divisions Within Party *[EL FINANCIERO 27 May]* 21
PRI's Zedillo Invites Candidates to 2d Debate *[Mexico City TV]* 22
Six Candidates Accept Invitation *[Mexico City TV]* 22
Cardenas Accepts Zedillo Invitation *[Mexico City TV]* 23
Private Sector Lists Plans To Increase Exports *[EL FINANCIERO 24 May]* 23
Agriculture Secretary on Projects With Cuba, Japan *[NOTIMEX]* 24
Ex-Official: Drug Trafficking Permeates Institutions *[Madrid EFE]* 25
Roundup of Economic Developments *[EL FINANCIERO 24 May, etc.]* 26

CENTRAL AMERICA

Guatemala

Bombs Rock Capital Before Peace Talks Resume *[NOTIMEX]* 27

Honduras

Reina Discusses Strikes, Other Issues *[Tegucigalpa Radio]* 27
Central Bank Head Explains Currency Guidelines *[Tegucigalpa Radio]* 30
Roundup of Economic Developments *[Hamburg DPA, etc.]* 31

Nicaragua

Chamorro, Costa Rica's Figueres Hold News Conference *[Managua Radio]* 31
General Ortega, Costa Rican Official Hold Talks *[Managua TV]* 32
Resistance Leader Against Accepting Haitians *[Managua Radio]* 32
President Approves Changes to Constitutional Articles *[EL NUEVO DIARIO 27 May]* 32
Decree Centralizes Authority for Tax Legislation *[BARRICADA 25 May]* 33
'Sandinist Renewal Movement' Arises Within FSLN *[EL NUEVO DIARIO 29 May]* 34
Commentary: FSLN Requires Change, Not Unity *[BARRICADA 21 Apr]* 34
Suggested Improvements to FSLN Outlined *[BARRICADA 22, 23 Apr]* 35
Editorial Views Results of Sandinist Congress *[BARRICADA 27 May]* 37
Alfredo Cesar To Lead National Democratic Party *[LA PRENSA 27 May]* 38
BARRICADA Director Explains Paper Policy *[27 May]* 38

Panama

PRD To Reject Amendments to Constitution *[LA PRENSA 28 May]* 39
Banking Association Head on Confidentiality *[LA ESTRELLA DE PANAMA 30 May]* 40
Education Minister Alarcon Confirms Resignation *[LA PRENSA 29 May]* 40
Endara Views Changes at Interoceanic Authority *[Panama City TV]* 41
Canal Commission Unions Reject U.S. Proposal *[LA ESTRELLA DE PANAMA 26 May]* 41
Labor Unions Seek Participation in Canal Talks *[EL PANAMA AMERICA 30 May]* 41
Two Colombian Car Bombing Suspects Freed *[EL PANAMA AMERICA 29 May]* 42

SOUTH AMERICA

Argentina

Foreign Minister To Discuss Haiti With Strobe Talbott 5 Jun *[CLARIN 31 May]* 43
Menem Says Alfonsin 'Denied' Signing 'Pact' With Alvarez *[NOTICIAS ARGENTINAS]* 43
Cavallo Interviewed on Economy, Chilean Ties *[ESTRATEGIA 16 May]* 43
Fishing Agreement Signed With UK *[LA PRENSA 29 May]* 46
Paraguayan, Uruguayan Requests for Compensation Rejected *[CLARIN 31 May]* 46

Bolivia

Army Commander Justifies Military Movements in Chapare *[PRESENCIA 21 May]* 47
National Police Chief Supports Patrols *[PRESENCIA 21 May]* 47
Coca Growers Reject Industrialization Decree *[La Paz TV]* 48
Court Justices' Impeachment Suspended by Congressional Recess *[La Paz TV]* 48
French Official Signs Aid Agreements, Ends Visit *[PRESENCIA 22 May]* 48
Occurrence of Nationwide Epidemics Highlighted *[HOY 25 Apr]* 49

Brazil

Constitutional Reform Work Ends 31 May *[Brasilia Radio]* 50
Franco's Friend To Coordinate Cardoso Campaign *[AGENCIA ESTADO 31 May]* 50
Judge Orders Lula To Stop Using Union Sound Truck *[O GLOBO 26 May]* 50
PT Candidate Lula Warns Speculators, Pledges Reform *[AGENCIA ESTADO]* 51
Catholic Church's 'Progressive Faction' Plans Prayer Day for Lula *[AGENCIA ESTADO]* 51
Admiral Goulart Fortuna Nominated PSC Presidential Candidate *[O GLOBO 28 May]* 51
UK Reopens Credit Guarantees for Exports to Brazil *[FOLHA DE SAO PAULO 27 May]* 51
Roundup of Economic Reports *[O ESTADO DE SAO PAULO 20 May, etc.]* 52

Chile

Israel's Shim'on Peres Arrives; Meets Frei, Figueroa *[Santiago TV]* 52
Peres Comments on Peace Talks, Latin America *[Madrid EFE]* 53
Pinochet On Arms Buying Tour to Europe *[Amsterdam DE VOLKSKRANT 30 May]* 53
Coalition Senator Advocates Diplomatic Relations With Cuba *[Madrid EFE]* 54

Colombia

Government Awaits U.S. Explanation for Suspending Radars *[AFP]* 54
Commentary on U.S. Drug Surveillance Installations *[Santa Fe de Bogota TV]* 54
Gaviria Cancels El Salvador Trip; Doctors Recommend Rest *[NOTIMEX]* 55
Israeli Foreign Minister Arrives, Praises Elections *[Santa Fe de Bogota Radio]* 55
Meets with Gaviria *[Santa Fe de Bogota Radio]* 55
Panama's Perez Balladerez Meets With Gaviria *[LA PRENSA 25 May]* 55
PBEC Grants Formal Membership *[EL TIEMPO 24 May]* 56
Cuban Exports Increase 1,600 Percent *[Madrid EFE]* 56
Prosecutor To Challenge Internal Disturbance Decrees *[Santa Fe de Bogota TV]* 57
Samper, Pastrana Begin Campaign for 19 Jun Runoff *[Santa Fe de Bogota TV]* 57
Roundup of Economic Developments *[EL TIEMPO 24 May, etc.]* 57

Paraguay

Wasmosy Vexed About Closing Congress Remark *[NOTICIAS 28 May]* 58
Uruguayan, Paraguayan Ministers View Mercosur *[ABC COLOR 27 May]* 58
Uruguayan Foreign Minister Interviewed *[ABC COLOR 29 May]* 59
Israel Closes Paraguayan, Other American Embassies *[ULTIMA HORA 31 May]* 59
Minister: Need To Privatize Inefficient Companies *[ABC COLOR 27 May]* 60
Delay in Appointing New U.S. Ambassador Noted *[ULTIMA HORA 31 May]* 60

Peru

Shining Path-Drug Traffickers Split in Jungle Area *[EL PERUANO 15 May]* 60
'Aries' Operation Ends in Huanuco With Arrest of 30 'Terrorists' *[Madrid EFE]* 61
U.S. Withdrawal of Drug Enforcement Aid, Radar 'Lacks Logic' *[Madrid EFE]* 62
Judge Rejects Release of Military Officers Accused of Trafficking *[Madrid EFE]* 62
Economy Minister Interviewed on Privatization, Loans, Taxes *[EXPRESO 16 May]* 62
Energy Minister: Mining Sector To Reactivate Economy *[EL PERUANO 18 May]* 64
Visiting French Official Examines Investment Possibilities *[EL PERUANO 18 May]* 65

Uruguay

Army, Uruguay To Train Military for UN Units *[NOTICIAS ARGENTINAS]* 65
Colorado Party Leads by 11 Points in Polls *[Madrid EFE]* 65
Elections To Include Constitutional Reform *[Madrid EFE]* 66
Minimum Wage Increases 9.11 Percent *[EL PAIS 17 May]* 66

Venezuela

Caldera on Efforts To Overcome Difficulties *[PANORAMA 28 May]* 66
Caldera Interviewed on Domestic Issues *[EL GLOBO 30 May]* 67
Economic Reform Minister Resigns *[Caracas Radio]* 69
Caldera To Replace Investment Fund Minister *[Caracas Radio]* 69
New Ministers Make Remarks, Announce Plans *[Caracas Radio]* 70
Political Parties Comment on Cabinet Changes *[Caracas Radio]* 70
Social Cabinet To Implement Social Programs *[Caracas Radio]* 71
Finance Minister: Economic Guarantees To Be Restored *[EL NACIONAL 25 May]* 71
Commissioner Roosen on Dollar, Bank Subsidies *[Caracas Radio]* 72
BCV President Optimistic of Currency Stability *[EL NACIONAL 26 May]* 72
Central Bank Head on U.S. Dollar, Exchange Rate *[Caracas Radio]* 73
Industrialists Urge Banks To Restructure Debt *[EL NACIONAL 25 May]* 73
Roundup of Economic Developments *[Caracas Radio, etc.]* 74
Government To Privatize Power Companies *[Madrid EFE]* 74
Participants in Coup Attempts To Be Promoted *[Caracas Radio]* 75

Mexico Urged To Back Broader Whale Sanctuary Plan

PA2705125694 Mexico City XEW Television Network in Spanish 0430 GMT 26 May 94

[From the "24 Hours" newscast]

[Text] On 25 May, the Group of 100 and the Environmental Research Agency urged the Mexican delegation, which is participating in the 46th Annual Conference of the International Whaling Commission (IWC), to avoid making changes in a French proposal to establish a sanctuary for this animal in Antarctica.

Mr. Homero Arigis, president of the Group of 100, and Catherine Helmsly, who heads the whale program of the Environmental Research Agency, said the original plan was to demarcate the sanctuary at 40 degrees latitude south across the Indian, Pacific, and Atlantic Oceans. The Mexican proposal, however, is to demarcate it somewhere between 50 and 62 degrees latitude south, which would entail the reduction of thousands of kilometers where the capture of whales would be banned.

Mr. Homero Arigis said: Mexico has joined Chile, Switzerland, Sweden, and Monaco in supporting this proposal, and, in doing so, Mexico is obstructing the original French proposal without giving it an chance. This move was called divisive and contradictory to the position publicly announced last week by President Carlos Salinas de Gortari.

The two organizations pointed out that the Mexican delegation must explain the reason for its change in position on the protection of whales, adding that its reply should be reflected in the way it votes on the sanctuary issue.

Mr. Homero Arigis said: In terms of protecting the sea cow, which is the most threatened and most common marine cetacean in the upper Gulf of California, this year the IWC Scientific Commission has estimated its total population at 316. An IWC delegation has proposed a resolution to protect sea cows at this meeting. The Mexican delegation, however, replied that Mexico prefers the noninclusion of this resolution on the IWC meeting's agenda.

The Group of 100 and the Environmental Research Agency ruled out that Mexico will sell its vote, but both groups noted Japan is capturing whales in Mexican seas. They recognized Japanese sovereignty, but asked this Asian nation to also enforce international sovereignty and to modify its customs, as Mexico did when it stopped consuming sea turtle eggs.

Commission Approves Sanctuary

PA2705164194 Mexico City XEW Television Network in Spanish 0430 GMT 27 May 94

[From the "24 Hours" newscast]

[Text] The whale sanctuary in the Antarctic has been approved. Most of the countries participating in the 46th annual meeting of the International Whaling Commission [IWC] said yes to the proposal to establish an area of protection against commercial whaling. Thirty countries participated in the final vote. Of these, 23 countries, including Mexico, were in favor. One country, Japan, voted against the proposal. There were six abstentions. Norway decided not to participate in the vote.

The sanctuary that was accepted corresponds to the proposal presented on Thursday morning by Mexico, France, and Chile and was supported by the rest of the nations. It will be located at latitude 40 degrees south, but the 200 nautical miles of Chile and Argentina will be respected.

Mercosur Implementation 'Likely' To Be Delayed

PY3105205794 Madrid EFE in Spanish 0711 GMT 31 Mar 94

[Report by Jorge Benitez]

[Text] Asuncion, 31 May (EFE)—According to official sources contacted by EFE, the ambitious integration project pursued by Argentina, Brazil, Paraguay, and Uruguay will only partially achieve the goals initially established for 1995, and the formation of a common market will most likely have to wait until the year 2001 or 2005.

In this regard the final negotiations will begin on 6 June in Asuncion, the same city where the four countries signed the Common Market of the South (Mercosur) treaty in March 1991.

The bilateral agreement establishes that there must be a free zone for the transit of goods, services, and productive elements as of 1 January 1995. This involves the removal of customs duties and bureaucratic restrictions. The countries are also required to implement a Common External Tariff (AEC) and a similar trade policy for other nations as of 1 January 1995.

In addition, the macroeconomics policies must be coordinated and the respective legislations in fiscal, monetary, transportation, foreign trade, agriculture, industry, and communications areas, among others, must be harmonized.

Antonio Felix Lopez, the Paraguayan vice minister for international economic relations, told EFE that according to the progress achieved in the AEC negotiations and the decisions made during the past three years, "now we are aware of the fact that Mercosur will actually be established between the years 2001 and 2005."

Lopez believes the implementation of the free trade zone is guaranteed "because nothing leads to the belief that the tariff removal program will be postponed." The program's penultimate tariff removal, before establishing a zero level for customs duties on regional products levied by the four partners, by 31 December at the latest, will be established on 30 June.

Nevertheless, the source pointed out the existence of doubts on the formation of a "customs union" involving the AEC implementation, "which might occur by 1 January 1995, even though it is more likely to happen a little later."

The source added that macroeconomic coordination represents another key factor, "even for the implementation of the free trade zone, and even though it includes the AEC, there are other additional elements that must still be harmonized."

Any possible delays in Mercosur's final goals might be cleared on 10 July during a joint meeting between the Common Market Council [Consejo del Mercado Comun] (CMC) and the presidents of the member states.

On 6 June in Asuncion, various Common Market Group [Grupo Mercado Comun] (GMC) committees will meet to discuss the mechanisms to draw up the AEC exemption lists, and their decisions will be submitted to the economy vice ministers, who will meet on 17 June in Montevideo. The GMC is the Mercosur's executive body.

Later, the vice ministers will meet twice again—probably on 28 June and 7 July—before delivering their recommendations to the GMC, whose members will visit the Uruguayan capital on 8 and 9 July.

This series of negotiations meets the requirement of reaching an agreement as soon as possible on each partner's "sensitive" products that will be protected by high tariffs—ranging between 21 and 35 percent—which will initially be applicable until the year 2001.

A reduction program must also be established so that these tariffs will gradually be reduced until reaching an ideal level agreed upon by the four partners.

Lopez explained that conversely, the same will happen with those products imported from outside the Mercosur zone with paid duties that are below those to be established in the decisions on the future customs union "because no one wants an abrupt transformation, but rather a gradual and convergent transformation."

Mercosur represents a market of more than 190 million consumers in the four member states, whose territories altogether represent about 70 percent of South America.

Mercosur Members Reach Agreement on TV Channels

PY3005173594 Buenos Aires BUENOS AIRES HERALD in English 28 May 94 p 5

[Text] (DYN)—Representatives from Argentina, Brazil, Paraguay and Uruguay reached an agreement yesterday to assign some 100 open television channels along the frontier zones of the Commom Market of the South [Mercosur] member countries. The final agreement will be signed by the presidents of the countries in December.

Cuba

Authorities To Respect Asylum Seekers' Rights

PA3105153094 Mexico City NOTIMEX in Spanish 1442 GMT 31 May 94

[Text] Brussels, 31 May (NOTIMEX)—Cuba has sent to the Belgian authorities a written commitment to respect the human rights of the 113 Cubans who invaded that country's diplomatic headquarters in Havana. The two parties agreed that there should be a peaceful evacuation.

The Belgian Foreign Ministry, through its spokesman, told NOTIMEX that it had received a message from Cuban authorities committing themselves to not persecuting asylum seekers after they leave the embassy. Belgium made it clear it had no intention of receiving [recibir] the Cubans and called for a "swift and humane" solution to the problem that would restore tranquillity to the diplomatic headquarters in Havana, which is made up of five officials.

One of the 114 refugees voluntarily left the Belgian diplomatic headquarters on Sunday evening and the police did not ask him to produce identification, the Spanish newspaper EL PAIS reported today.

The spokesman said Belgium will continue giving humanitarian aid to the asylum seekers, including 34 women and 24 children. Belgian authorities sent additional drinks and food to the Cuban refugees in the embassy.

Some Asylum Seekers Refuse To Leave Residence

PA0106045394 Mexico City NOTIMEX in Spanish 0232 GMT 1 June 94

[Text] Havana, 31 May (NOTIMEX)—Today, an official source reported that some of the more than 100 people who are occupying the Belgian ambassador's residence in the Cuban capital refuse to leave the house despite the [words indistinct].

The source told NOTIMEX that "there is a group that remains inflexible" in its position to request political asylum in Belgium. This is the first indication there are opposing opinions among the Cubans who are occupying Ambassador Paul Vermeirsch's house.

The source added that the exact number of members of the "inflexible" group remains unknown as of tonight, four days after the violent takeover of the residence. He also added that most of the people who occupied the house have maintained a "peaceful attitude." The source pointed out that, despite this situation, the Cuban and Belgian Governments continued to meet during the ordeal and affirmed their determination to resolve this situation by negotiation.

On 30 May, an exchange of talking points between the Foreign Relations Ministries of the two countries followed a number of meetings, during which Havana and Brussels concluded the occupation was "illegal." The two governments rejected the forceful occupation of the residence as a formula to negotiate the departure of Cubans and agreed that the members of the invading group should follow legal procedures.

It was learned in official Cuban circles on Tuesday [31 May] that the number of occupants is 22, including "about 30 women and 20 children." [figures as received] This figure contrasts with that of other sources, both local and official, which coincides with the number released by Belgian authorities of 114 persons in all: 56 men, 34 women, and 24 minors. One man, who according to several sources left the building on his own accord Sunday night without being challenged by the police that guard the residence, must be subtracted from the total.

On Monday afternoon, and in front of Vermeirsch's residence, a Cuban Government official read through a loudspeaker an official communique urging the occupants to vacate the building and follow the legal procedures to leave the country.

The statement, of which the press had no copies, confirmed that the Cuban authorities will not take reprisals against those who started the incident, a government source reported. An official of the Foreign Ministry's International Press Center (CPI) said officials of the Central Committee of the Communist Party of Cuba confirmed the government position yesterday.

The source also disclosed that Ambassador Vermeirsch notified Cuban authorities that he had begun efforts to get the Red Cross to provide food, personal hygiene supplies, and other humanitarian aid for the house's occupants.

Cuba reiterated its willingness to take the necessary steps for this aid to be delivered to the residence and for the occupants to do the legal paperwork needed to leave the country, the source added.

The CPI official, who transmitted the government reports and information from the police unit in charge of protecting the residence to reporters, said the occupants are sleeping inside the house, on the terrace, and in the garden.

Robaina Arrives in Cairo for NAM Meeting

PA0106031394 Havana Radio Havana Cuba in Spanish 1300 GMT 31 May 94

[From the "Morning Information Review" newscast]

[Text] Cuba will work for unity and strengthening the international prestige of the Nonaligned Movement [NAM], Cuban Foreign Minister Roberto Robaina said in Cairo. He will participate in the meeting of NAM foreign ministers beginning on Tuesday.

Shortly after arriving at the Egyptian capital, Robaina said that not only will positions be established at the

meeting, but decisions must be made on NAM actions with regard to the growing imbalance in international relations, a unipolar world, and the concentration of economic power in northern countries.

Discusses Goals of Movement

FL0106015094 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 1 Jun 94

[From the NTV newscast]

[Excerpt] [passage omitted] On 31 May, Foreign Minister Roberto Robaina stated the main goal of the Nonaligned Movement [NAM] is to promote the economic and social development of the Third World. During his address to the 11th ministerial summit of the NAM, Robaina stressed that an opulent North and an impoverished South is the world's reality today. He added that if we sit on our hands, we are condemned to disappear, which would mean the disappearance of two thirds of mankind. Robaina affirmed that Cuba believes that the best guarantee for a permanent and lasting peace is the elimination of hunger. Only then will human rights bloom for all people rather than for a minuscule portion of mankind.

Robaina affirmed that despite the over 30-year-old blockade against Cuba, the Cuban people will overcome this difficult junction, thanks, above all, to the solidarity of the NAM.

Robaina continues to fulfill a busy schedule that includes meeting with representatives of Libya, the PRC, Cyprus, Panama, Zambia, Colombia, Italy, and Ecuador.

More on NAM Summit

FL3105143394 Havana Cuba Vision Network in Spanish 0000 GMT 31 May 94

[From the NTV newscast]

[Text] South Africa's imminent incorporation into the Nonaligned Movement [NAM] and Cuba's election to one of the vice presidencies of the summit were two of the main results of the meeting for experts which concluded on 30 May, prior to the ministerial meeting. Diplomatic sources report that the meeting's agenda was approved and that its essential points include an analysis of the international political and economic situation and of the NAM's role for the immediate future. Egyptian President Husni Mubarak will officially open the 11th NAM summit on 31 May. The summit will conclude on 3 June.

Cuban Foreign Minister Roberto Robaina had a very busy agenda while the summit was taking place at the Cairo Conference Center, meeting several officials including the Arab League secretary general and the Zimbabwean, Vietnamese, Iraqi, and Burmese foreign ministers on the need to strengthen the NAM and the principles that gave birth to the Movement. The common denominator at these meetings was to give continuity to the positive results the NAM has experienced under Indonesia's presidency since the Jakarta summit.

Just minutes ago, Robaina met Honduran Foreign Minister (Ernesto Rojas), who conveyed a friendly greeting from President Reina. (Rojas) announced during the meeting his forthcoming visit to Havana in response to Robaina's invitation.

Alarcon Comments on UK Attitude Toward Embargo

FL3105224994 Havana Cuba Vision Network in Spanish 0000 GMT 31 May 94

[From the NTV newscast]

[Text] Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP], asserted at the conclusion of his visit to the UK that he had perceived an atmosphere of friendship towards Cuba in his contact with government authorities, parliamentarians, and businessmen. Alarcon headed an ANPP delegation integrated by Lidia Tablada, who presides over the Friendship with Great Britain group of the ANPP, and Osvaldo Martinez, president of the Economic Affairs Commission of the ANPP.

Upon his return to Cuba, Alarcon commented on the interest that the British Parliament expressed towards Cuba. Alarcon's visit to Great Britain included meetings with the top leaders of the House of Commons and the House of Lords. Alarcon informed this newscast that on 27 May, the agenda of the British Parliament included British-Cuban relations.

[Begin Alarcon recording] There was a very interesting debate in the parliament regarding relations with Cuba. A government minister took part in this debate and very clearly reaffirmed Great Britain's policy of continuing and developing economic and commercial relations with Cuba. [end recording]

Alarcon asserted that he had witnessed, in parliament, Great Britain's position with regard to the U.S. blockade against Cuba.

[Begin Alarcon recording] In the parliamentary debate that I mentioned, MP Arnold, who is a leader of the Conservative Party and the one who brought up the issue, and the minister of commerce, who replied on behalf of the government, both clearly expressed Britain's disagreement with the blockade policy. A commitment to noncompliance with the blockade was clear, as was the intent to strengthen ties with Cuba. [end recording]

Alarcon stated the British minister of commerce will visit Cuba in September.

The same flight that brought the Cuban delegation back home carried Marcelino dos Santos, president of the National Assembly of Mozambique, who asserted that

he came to learn, profoundly and scientifically, about the revolutionary process in Cuba.

Commentary Discusses Latin American Summits

FL2805124394 Havana Radio Rebelde Network in Spanish 2300 GMT 27 May 94

[Commentary by Fernando Davalos: "Two Summits"]

[Text] Today's newspaper refers to Cuba's intention to support—and I quote—integration at the fourth Ibero-American summit in Cartagena de Indias, Colombia, in two weeks—unquote.

First, I want to remind our listeners that this will be the fourth time that chiefs of state and government from Latin America, Spain, and Portugal have met. They will meet without having been called upon by the United States and without the presence of its representatives to discuss matters of interest to our countries.

Meetings like these used to be organized by the U.S. Administration. It is still clear in my memory the image of one of the latest calls for a meeting of Latin American presidents or chiefs of state held, I believe, in Panama before the revolution.

I remember Fulgencio Batista, with his greasy long hair and brand new jean suit, following the traditional fashion among leaders of the political chicanery. Batista, a legion of dictators, and grandchildren of the Americans themselves were present.

Today's summits are quite different from yesterday's summits. Meeting with Spain and Portugal without Americans present is somewhat of a new thing. Three Ibero-American summits were held in this manner, namely in Brazil, Spain, and Mexico. The fourth will be held in Colombia.

Presidents of different political tendencies have attended these summits, but there has always been mutual respect and consensus on matters which are vital for our peoples. Fidel's words and presence have always been present at those summits.

The latest summit approved a virtual sanction on the U.S. blockade against Cuba, surely an exceptional achievement. It seems these four summits have been too much for this great northern country, which has decided to sponsor a similar summit. I mean similar but not equal. I mean similar because it is also a summit of chiefs of government, and I say that it will not be equal because Cuba will not be present.

The U.S. summit will be held in Miami in December, while the summit that will be held by the Ibero-American nations will discuss, to a great extent, integration. As I said, Cuba will try to promote this integration because this unity is vital in our current world.

I want to remind everyone that integration means more unity, especially in the economic field. We will produce for the continent using raw material from the continent, and we will trade among ourselves. Latin America, Spain, and Portugal comprise such a large territory where there are all types of climates, all productions, and all resources. What one country lacks can be found in another, or vice versa. So, there should be no artificial borders capable of hampering this common flow.

I said there should not be, but there are artificial borders, namely those imposed by the interests of the Americans which are owners of half of the continent and who are against these integrationist ties because they are not good for them. This is why they have not been invited for the previous Ibero-American summits because our language is very different. And now they are making up their little meeting in Miami, as if it were a consolation tournament, out of spite because they were not invited to the previous summits.

All countries of the continent will be represented in Miami, but not Cuba, as the strange maps of the Caribbean which are currently made by the transnational companies, maps where Cuba or our archipelago are not present. But one thing is true: Although we are not on their little maps, Cuba and the Cubans do exist, live, work, and fight. We might be blockaded, but we have our own voice, out of tune, of course, with the U.S. appetites. Perhaps for this reason, we are not invited to that little party in Miami because they do not want to hear our voice live.

Minister Visits Colombia for Scientific Meeting

FL0106013394 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 1 Jun 94

[From the NTV Newscast]

[Text] On 31 May, Rosa Elena Simeon, minister of Science, Technology, and the Environment, arrived in Colombia to attend a scientific conference preceding the Ibero-American Summit in Cartagena de Indias. The scientific conference is on sustainable financing for research and technological development of Ibero-America.

[Begin recording] [Simeon] In this scientific conference, other Latin American nations have asked us to report on the Cuban experience in science and technology development, which is a reality today. Our Latin American colleagues have asked us to report on how Cuba attained this scientific development in such a short period.

[Unidentified reporter] Are all the science and technology ministers of Ibero-America going to participate in this conference?

[Simeon] Yes, although not every Latin American country has such ministries per se, but the presidents of the Science and Technology Councils of the Ibero-American countries will be in attendance.

[Reporter] Will any document be signed at the closing?

[Simeon] The conference usually closes with a list of science and technology recommendations, which is presented at the heads-of-state summit by the conference president. [end recording]

Trade With Colombia Up in 1994

PA0106041794

[Editorial Report] Havana Radio Havana Cuba in Spanish 1300 GMT 28 May 94 reports that between January and April 1994, Cuban-Colombian trade increased to $21 million, a 1,600 percent increase over the same period in 1993. Colombia imported steel, salt, biotechnology products, and medicine from Cuba. Cuba imported machinery, electric cables, and coal.

Spanish Magazine Interviews Fidel Castro

PA0106040794 Paris AFP in Spanish 1334 GMT 31 May 94

[Text] Madrid, 31 May (AFP)—In an interview published in the June edition of Spain's ELLE magazine, Cuban President Fidel Castro talks about his life, his struggles, the current problems his country is going through, U.S. President Bill Clinton, machismo, and harassment against gays in Cuba.

In an interview entitled "The Last Revolutionary," Castro emphasizes that he has had a "fascinating" life and denies that he wants to retire. "It is not my fault that I have not died yet, or that the CIA (U.S. intelligence service) has not been able to kill me. I am a revolutionary, and revolutionaries do not retire, just as writers do not retire," Castro says. He adds, however, "no one is indispensable, and I am in need of rest."

The Cuban leader denies he is concerned about the place he will be assigned by history. "Personally, I am not concerned about myself. All of the world's glory can fit into a single kernel of corn," he points out. Castro adds that it is more important to worry "about what happens in terms of ideas than about what happens to individuals."

After 35 years in power, Castro indicated to ELLE that he has "the same spirit" he had 48 years ago, when at age 19 he began his struggle. "I believe that if I started my life over again, I would do everything exactly the same," he insists.

With respect to what will become of Cuba after his death, Castro replies, "The CIA should be asked that question." Nevertheless, he adds: "Honestly, I do not believe anything will happen. The government will adapt to the situation. We have all of the necessary political and legal instruments set up for it to continue the way it is going."

When asked about his opinion of Clinton, Castro says his opinion on the U.S. President is "positive, but that if he says something good about him, some officials in the administration will complain because he has enemies who whine that he is too soft on Castro. If I say something bad, then the situation will be worse. So I better not say anything."

Castro says he would be delighted to see Ted Turner, the head of CNN network, become president of the United States. Turner, according to his biographer, considers Fidel one of the two great influences of his life. "Ted enjoys life and beauty. I would relish seeing him become president of the United States, although I should not say this because then he will never get elected."

When asked by the reporter—who wrote that Cubans are "puritans" and that "the rule is that no one asks Castro about his private life"—Castro acknowledges that he has "less than a dozen children." He says there not enough to be considered a "tribe."

With regard to homosexuals, Castro stresses, "Revolutionary homophobia is a simple extension of Latin American machismo." Nevertheless, he adds that "he has never shared this feeling."

According to the reporter, the Cuban leader "turned pale" when asked if his brother was behind the work camps for homosexuals. It is said that Raul Castro was impressed with how Bulgaria had handled the undesirables (homosexuals) issue. "This is false," Castro says, roused to indignation.

The magazine also reminisces on the Cuban president's "great admiration for feminine adroitness and fortitude." During his years in the Sierra Madre, the revolution's crack troops were comprised women only because they "are better soldiers" than men, Castro points out.

The interview concludes with Castro's rowdy laughter to a joke by the ELLE reporter. "What are the Cuban Revolution's accomplishments? [no closing quotation marks as received] Education, health, and sports. And the revolution's failings? Breakfast, lunch, and dinner. Anyway, Castro replies that "to eat too much is bad for one's health."

Fidel Castro Meets French Designer Cardin

FL3105152394 Havana Radio Progreso Network in Spanish 1100 GMT 31 May 94

[Text] Commander in Chief Fidel Castro Ruz has met Pierre Cardin, the acclaimed French designer, entrepreneur, and artist, and two of his associates at the Palace of the Revolution. Cardin told Fidel that he was fulfilling a longtime dream by visiting our country for the first time and by meeting him personally. Cardin also conveyed to the head of the revolution his enormous appreciation for all he had been able to see since his arrival in Havana, the capital's architecturally beautiful historical areas, the friendliness of the Cuban people, and Cuba's excellent conditions for developing international tourism. Fidel thanked Cardin for his visit and held a cordial and extensive exchange of ideas on issues related to the multifaceted activities of the French entrepreneur.

Reciprocal Investment Talks Begin With Spain

FL2705010894 Havana Radio Reloj Network in Spanish 1943 GMT 26 May 94

[Text] Today, as part of the sixth joint economic commission of experts from Cuba and Spain, negotiations began for the establishment of an agreement that will promote and protect reciprocal investments. At the opening, Ernesto Melendez, minister of Foreign Investment and Economic Cooperation, described the relations with Spain as precious and important to Cuba.

Apolonio Ruiz Ligero, Spanish secretary of state for foreign trade, likewise pointed out that the information received on Cuba's economy is enlightening and that Madrid is attending this meeting with the hope of working with Cuba on problem solving. Melendez and Ruiz Lisgero head the specialized teams from their respective countries, which will analyze the possibilities for cooperation as part of the commission's work.

Details on Mexican President's Request To Visit

FL3105154994 Havana Radio Progreso Network in Spanish 1100 GMT 31 May 94

[Text] Mexican President Carlos Salinas de Gortari has asked the Mexican National Congress for permission to pay an official visit to Cuba next month. Salinas will travel to Havana and then to Cartagenas de Indias to attend the fourth Ibero-American summit.

Salinas' request to the Mexican parliament notes that Mexico and Cuba maintain respectful diplomatic relations and highlights that Cuba is part of Mexico's Caribbean border. Furthermore, throughout history and in the context of respectful bilateral relations and profound ties of appreciation between the two peoples, Cuban-Mexican ties have made room for international cooperation, which can be interpreted today as an agenda that merits contacts. The presidential request concludes by pointing out that the Mexican head of state's presence in Cuba will help boost bilateral relations, the evaluation of the bilateral agenda, and the exploration of new ways to diversify and strengthen those relations.

Cupet, Mex-Petrol Negotiate Oil Joint Venture

PA2705190994 Mexico City NOTIMEX in Spanish 1702 GMT 26 May 94

[Text] Havana, 26 May (NOTIMEX)—Today, the state enterprise Cuba Petroleo (Cupet) confirmed it could receive Mexican crude oil to be refined at the almost-halted Cienfuegos Refinery to supply the domestic market.

Juan Fleites, director of Cupet, which is negotiating a joint venture for the plant with its Mexican counterpart, Mex-Petrol, told NOTIMEX the following: "Should we reach an agreement on the refinery, we could start receiving Mexican crude oil."

Since March, Cupet and Mex-Petrol have been studying alternatives to extending and modernizing the Cienfuegos refinery, the country's largest refinery, located on the south-central coast.

Yesterday, Carlos Ferrer Argote, Mexican Foreign Relations Secretariat Caribbean affairs director, said the negotiations could include the supply of crude oil. He added: "Both parties are working to yield results in the best of interests. We are trying to conclude as soon as possible, but it is difficult to conduct studies."

The lack of oil and the shortage of spare parts for its Soviet-made infrastructure are keeping the refinery, which can refine 3 million tons annually, almost halted.

Cuba is also negotiating with Colombia the supply of oil to offset the fuel deficit that emerged from the drop of purchases from the defunct Soviet Union. The purchases dropped from 13 million tons to less than half that amount between 1991 and 1992. According to the agreement, Cupet and Mex-Petrol will invest $200 million to start production at the extended and modernized plant, to supply the domestic market, and to export surpluses.

Ferrer, who was in Merida, Yucatan State, attending the 19th Caribbean Studies Association Congress, pointed out exports could be sold to countries in the region. He also said the Cuban-Mexican study is analyzing "an ample spectrum of crude oils, from the lightest to the heaviest, to match the quality of supply to the prices of hydrocarbons and their byproducts."

Cupet's director confirmed the project has already determined its investment strategy: Each party will invest $100 million, half the total investment. The Mexican contribution will be as follows: 50 percent in resources and 50 percent in joint venture assets, which will be charged to the Cuban debt. The Cuban and Mexican central banks have an agreement that, among other issues, allows the settling of the $310 million Cuban debt through "swap" [previous word in English] operations.

Finance Ministry Announces Price Increases

FL3105233494 Havana Radio Rebelde Network in Spanish 1700 GMT 31 May 94

[Text] On 31 May, the Ministry of Finance and Prices made the following announcement: Bearing in mind that there are gasoline ration coupons in the hands of private consumers that were not included in the sale cycle and price increase established by the 20 May accord of the Executive Committee of the Council of Ministers, it has been decided that during June, those coupons will retain the same price and sale cycle as before the aforementioned accord.

We would also like to remind our listeners that as of 1 June, new prices for cigarettes, cigars, rum, and beer will become effective as part of the measures aimed at correcting the national financial imbalance. As the year

progresses, other products and services such as electricity, transportation, water, sewage, and postal services will experience price increases.

Text of Decree-Law 147 on Agencies' Reorganization

94CA0112C Havana GRANMA in Spanish 22 Apr 94 pp 2-3

[Text] Decree-Law No. 147

On the Reorganization of the Agencies of the Central State Administration

FIDEL CASTRO RUZ, president of the Council of State of the Republic of Cuba.
I HEREBY DECLARE: That the Council of State has agreed to the following:

WHEREAS: The Constitution of the Republic, in its Articles 95, 96, and 98, provides that the composition, organization, and operation of the Central State Administration shall be determined by law; and

WHEREAS: Decree-Law 67 of 19 April 1983, on the Organization of the Central State Administration, is in some ways unsuited to current conditions, which require the greatest possible savings of resources in every sense; and

WHEREAS: It is necessary to reduce the number of agencies in the Central State Administration and adapt their functions to the conditions of the Special Period in times of peace and better adjust them to the trade and cooperation relations that our country is developing under the current international circumstances;

THEREFORE: The Council of State, by virtue of the powers vested in it by the Constitution of the Republic in Article 90, paragraph c), does hereby adopt the following:

DECREE-LAW No. 147 on the Reorganization of the Agencies of the Central State Administration

Article 1. The Central Planning Board shall be called the Ministry of Economy and Planning.

Article 2. The National Energy Commission is hereby abolished, and its attributes and functions are transferred to the Ministry of Economy and Planning and the Ministry of Basic Industry.

Article 3. The State Committee on Statistics is hereby abolished, and the National Office of Statistics, under the jurisdiction of the Ministry of Economy and Planning, is hereby established.

Article 4. The State Committee on Standardization is hereby abolished, and the National Office of Standardization, under the jurisdiction of the Ministry of Economy and Planning, is hereby established.

Article 5. The National Office of Industrial Design is hereby placed under the jurisdiction of the Ministry of Economy and Planning.

Article 6. The State Committee on Technical-Material Supply is hereby abolished, and its attributes and functions are transferred to the Ministry of Economy and Planning, except for the raw material recovery activities and the activities involving foreign trade and the circulation of goods, which shall be transferred to other agencies, as deemed appropriate.

Article 7. The State Committee on Economic Cooperation is hereby abolished, and the Ministry for Foreign Investment and Economic Cooperation is hereby established. The commercial enterprises of the former State Committee on Economic Cooperation and the project enterprises and other activities shall be transferred to other agencies, as deemed appropriate.

Article 8. The State Committees on Finance and Prices are hereby abolished, and the Ministry of Finance and Prices, to which the attributes and functions of the former committees shall be transferred, is hereby established.

Article 9. The National Commission of the Economy Direction System is hereby abolished, and its attributes and functions are distributed among the Ministry of Economy and Planning, the Ministry of Finance and Prices, and the Secretariat of the Council of Ministers.

Article 10. The State Committee on Labor and Social Security shall be called the Ministry of Labor and Social Security.

The National Commission for Attention and Social Prevention is hereby placed under the jurisdiction of the Ministry of Labor and Social Security.

Article 11. The Cuban Academy of Science shall be called the Ministry of Science, Technology, and Environment.

The National Commission on Environmental Protection and Rational Use of Natural Resources is hereby abolished, and its attributes and functions are transferred to the Ministry of Science, Technology, and Environment.

The Atomic Energy Commission of Cuba and the Executive Secretariat of Nuclear Affairs are hereby placed under the jurisdiction of the Ministry of Science, Technology, and Environment.

The Administrative Commission of the Sierra Maestra Great National Park is hereby placed under the jurisdiction of the Ministry of Science, Technology, and Environment.

Article 12. The National Institute of Tourism is hereby abolished, and the Ministry of Tourism is hereby established.

Article 13. The Cuban Institute of Domestic Demand Research and Orientation is hereby abolished, and its attributes and functions are distributed between the National Institute of Economic Research, under the Ministry of Economy and Planning, and the Institute of Financial Research, under the Ministry of Finance and Prices.

Article 14. The Ministry of Light Industry shall assume the attributes and functions of the Polygraphic Integration state entity.

Article 15. The National Institute for Automated Systems and Computer Technology is hereby abolished, and its attributes and functions are transferred to the Ministry of the Steel, Metalworking, and Electronics Industries.

The Electronic-Technical Export and Production Industrial Complex (COPEXTEL) is hereby integrated into the system of the Ministry of the Steel, Metalworking, and Electronics Industries.

Article 16. The National Institute of Housing is hereby abolished as an agency of the Central State Administration, and is placed under the jurisdiction of the Construction Ministry. Its name shall remain unchanged.

Article 17. The Ministries of Sugar, Agriculture, Foreign Trade, Domestic Trade, Communications, Culture, Education, Higher Education, the Revolutionary Armed Forces, the Food Industry, the Construction Materials Industry, the Fishing Industry, the Interior, Justice, Foreign Relations, Public Health, and Transport; and the Civil Aeronautics Institute of Cuba, the Cuban Radio and Television Institute, the National Sports Institute, the Institute of Physical Education and Recreation, the National Institute of Water Resources, and the National Institute of State Reserves shall retain the attributes and functions legally assigned to them.

Article 18. The agencies of the Central State Administration are the following: Ministry of Sugar, Ministry of Agriculture, Ministry of Science, Technology, and Environment, Ministry of Foreign Trade, Ministry of Domestic Trade, Ministry of Communications, Ministry of Construction, Ministry of Culture, Ministry of Economy and Planning, Ministry of Education, Ministry of Higher Education, Ministry of Finance and Prices, Ministry of the Revolutionary Armed Forces, Ministry of the Food Industry, Ministry of Basic Industry, Ministry of Light Industry, Ministry of the Construction Materials Industry, Ministry of the Fishing Industry, Ministry of the Steel, Metalworking, and Electronics Industry, Ministry of the Interior, Ministry of Justice, Ministry of Foreign Relations, Ministry of Public Health, Ministry of Labor and Social Security, Ministry of Transportation, Ministry of Tourism, Ministry for Foreign Investment and Economic Cooperation, Civil Aeronautics Institute of Cuba, Cuban Radio and Television Institute, National Institute of Sports, Physical Education, and Recreation, National Institute of Water Resources, National Institute of State Reserves

Special Provision

ONE: With respect to the provisions of Articles 2, 6, 7, 9, 12, and 13 of this Decree-Law, the Executive Committee of the Council of Ministers, at the request of the directors of the corresponding agencies mentioned in such articles, shall assign the functions and attributes whose transfer is not specified in such articles, until such time as the corresponding provisions are promulgated, as set forth in Final Provision Six of this Decree-Law.

Final Provisions

FIRST: The validity of the organizational and operational guidelines set forth in Law 27 of 8 January 1980, Law 65 of 23 December 1988, Decree-Law 67 of 19 April 1983, Decree-Law 70 of 9 June 1983, Decree-Law 85 of 12 June 1985, Decree-Law 94 of 22 May 1986, Decree-Law 95 of 29 August 1986, Decree-Law 96 of 7 February 1987, Decree-Law 114 of 6 June 1989, Decree-Law 118 of 18 January 1990, Decree-Law 119 of 22 March 1990, and Decree No. 52 of 24 October 1979, is hereby confirmed, with the exception of any provisions thereof that may conflict with those of this Decree-Law.

SECOND: The agencies whose names are to be changed and the agencies and entities to which the attributes, functions, obligations, and rights of abolished agencies are to be transferred shall be considered the successors of such agencies, and shall replace them for all legal purposes, both nationally and internationally, especially with regard to conventions, protocols, and agreements of any nature signed by such agencies and entities with their counterparts in other countries or other foreign entities, and with regard to the participation and membership in international agencies or organizations.

THIRD: The human, material, and financial resources of the agencies and entities whose attributes and functions are transferred pursuant to this Decree-Law shall be conveyed to the receiving agencies, and their deployment shall be subject to the terms set forth by the Executive Committee of the Council of Ministers, as provided in Final Provision Six of this Decree-Law.

FOURTH: All mention made in current legislation of the abolished agencies or the agencies whose names are to be changed shall be understood to refer to the agencies assuming their attributes and functions, pursuant to Final Provision Two of this Decree-Law.

FIFTH: The reorganization of the agencies of the Central State Administration resulting from the abolishments and mergers decreed herein shall, in all of the agencies named in Article 18 of this Decree-Law, lead to adjustments to rationalize the respective attributes, functions, internal organization, and payrolls of such agencies.

SIXTH: The directors of the agencies of the Central State Administration named in Article 18 of this Decree-Law shall, within 90 days, draw up and present to the Executive Committee of the Council of Ministers the proposed principal attributes and functions of their

respective agencies, the organization of their central apparatus and of their agency's system, the new rationalized payrolls of their central apparatus, and their ideas about how to shift responsibility and the administration of material-financial resources from the central apparatus to the economic organizations that make up their respective systems, as needed.

The Executive Committee of the Council of Ministers shall establish a commission to evaluate the proposals submitted by all of the agency directors referred to in the preceding paragraph, and within a period of one year after the publication of this Decree-Law, shall issue exceptional provisions regarding the organization, attributes, and functions of the Central State Administration agencies and the entities subordinate to the Council of Ministers, and shall determine the most appropriate deployment and use of the human, material, and financial resources that become available due to the rationalization of functions or the assimilation of organizational structures, in keeping with the needs of the country. Subsequently, the provisions referred to in Final Provision One herein shall be repealed insofar as they conflict with those issued by the Executive Committee of the Council of Ministers, as set forth herein.

SEVENTH: The Executive Committee of the Council of Ministers shall issue such complementary provisions as it deems necessary for the purpose of implementing this Decree-Law in the best manner possible.

EIGHTH: Any legal and regulatory provisions that may interfere with the implementation of the provisions of this Decree-Law are hereby repealed. This Decree-Law shall take effect upon publication in the Official Gazette of the Republic.

EXECUTED this 21st day of the month of April, 1994, at the Palace of the Revolution in the city of Havana.

FIDEL CASTRO RUZ PRESIDENT OF THE COUNCIL OF STATE
I CERTIFY: That this is a true and correct copy of the original, signed on the indicated date.

EXECUTED this 21st day of the month of April, 1994, at the Palace of the Revolution in the city of Havana.

JOSE M. MIYAR BARRUECO SECRETARY OF THE COUNCIL OF STATE

Agreement by the Council of State on the Composition of the Council of Ministers

WHEREAS: Decree-Law 147 of 21 April 1994 altered the composition of the agencies in the Central State Administration, which makes it necessary to make corresponding changes in the executive bodies of such agencies and therefore in the composition of the Council of Ministers,

THEREFORE: The Council of State of the Republic of Cuba, by virtue of the powers vested in it, has adopted the following:

AGREEMENT

FIRST: To name as directors of the agencies that have been established or whose names have been changed as a result of the reorganization of the agencies in the Central State Administration, the following comrades:

Rosa Elena Simeon Negrin, minister of science, technology, and environment.

Antonio Rodriguez Maurell, minister of economy and planning.

Jose Luis Rodriguez Garcia, minister of finance and prices.

Ignacio Gonzalez Planas, minister of the steel, metalworking, and electronics industry.

Francisco Linares Calvo, minister of labor and social security.

Osmany Cienfuegos Gorriaran, minister of tourism.

Ernesto Melendez Bachs, minister for foreign investment and economic cooperation.

SECOND: Due to the abolishment of the agencies in the Central State Administration that they formerly headed, the comrades named below are no longer minister-presidents of state committees or presidents of institutes, and shall be assigned other tasks:

Sonia Rodriguez Cardona, minister-president of the State Committee on Technical-Material Supply. Fidel Vascos Gonzalez, minister-president of the State Committee on Statistics. Ramon Darias Rodes, minister-president of the State Committee on Standardization. Arturo Guzman Pascual, minister-president of the State Committee on Prices. Samuel Savariego Capuano, president of the National Institute for Automated Systems and Computer Technology. Rafael Sed Perez, president of the National Institute for Tourism.

THIRD: Comrades Ramiro Valdes Menendez and Joel Domenech Benitez are hereby relieved of their duties as vice presidents of the Council of Ministers.

The comrade vice presidents of the Council of Ministers who are not also ministers, from now on, shall not necessarily be assigned oversight of agencies of the Central State Administration, but rather shall be put in charge of programs or activities that are part of the efforts of various agencies, or of specific tasks that are deemed appropriate because of their importance and significance.

EXECUTED this 21st day of the month of April, 1994, at the Palace of the Revolution in the city of Havana.

FIDEL CASTRO RUZ PRESIDENT OF THE COUNCIL OF STATE
I CERTIFY: That this is a true and correct copy of the original, signed on the indicated date.

EXECUTED this 21st day of the month of April, 1994, at the Palace of the Revolution in the city of Havana.

JOSE M. MIYAR BARRUECO SECRETARY OF THE COUNCIL OF STATE

High-Level Inspection of Western Army Units Ends

FL0106011494 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 1 Jun 94

[Text] High-level officers of the Revolutionary Armed Forces and Interior Ministry, together with Communist Party of Cuba and mass organization officials concluded an inspection of diverse Western Army units on 31 May. The meeting served to highlight the Western Army's efforts to maintain its combat readiness, preserve equipment, the food program, and the self-financing of its units.

Fuel Unloading Pipeline System Under Construction

FL2805111594 Havana Radio Reloj Network in Spanish 1930 GMT 27 May 94

[Text] Experts from different organizations are at the Moa port, in Holguin Province, to construct a pipeline system for unloading and storing fuel to reduce transport costs and to benefit the Cuban nickel industry. This fuel pipeline will be approximately one km in length. It will be built on Moa Bay and will include the coupling of tubes up to 24 inches in diameter and secured in a field away from the docks. This system will facilitate the unloading of fuel from tankers of up to 75,000 tons in capacity which [words indistinct] the suppliers of fuel given the little depth of the old [word indistinct]. This complex work will allow the annual consumption of 300,000 tons of national crude oil by two of the three nickel plants and a cobalt plant which are operating in the northeastern part of Holguin.

Pedro Ross Chairs CTC National Secretariat Meeting

FL0106002294 Havana Radio Rebelde Network in Spanish 0900 GMT 25 May 94

[Text] The national secretariat of the Cuban Workers Federation [CTC] has agreed to conduct an in-depth analysis of the causes of the current nationwide shortage of work shoes, and discussed the feasibility of investing the hard currency used by enterprises to buy shoes abroad in national factories.

During the meeting, chaired by CTC Secretary General Pedro Ross Leal, it was reported that operations at the largest work shoe factory, located in Granma, are being affected by the lack of electricity, although the necessary raw materials are available. The CTC national secretariat acknowledged the work done by Granma Province, and pointed out that the metallurgy sector has grown 16 percent in the first quarter of 1994 and has reduced losses by 16 million pesos.

Balaguer Stresses Ideological Steadfastness

FL0106000794 Havana Radio Progreso Network in Spanish 1000 GMT 28 May 94

[Text] Politburo member Jose Ramon Balaguer stated in Pinar del Rio Province that each day, we need more ideological steadfastness as we are subjected to the influence of foreign capital and the barrage of information that reaches us either openly or covertly. Balaguer added that one of the principal missions of Cuban media is to safeguard Communist Party of Cuba policies and to prevent their distortion.

Provincial Officials Discuss Economic Recovery Issues

FL2805140694 Havana Radio Rebelde Network in Spanish 2300 GMT 27 May 94

[Report by Santiago de Cuba correspondent Margarita Pecora]

[Text] I can confirm with the conviction provided by facts and without any triumphalism that economic recovery is in the air in Santiago de Cuba. Approximately 500 leaders of this territory's enterprises and organizations have been holding a meeting on economic efficiency since this morning, chaired by Esteban Lazo Hernandez, Politburo member and Cuban Communist Party first secretary in the province.

Economic recovery is well under way. The shoe industry can reaffirm its pledge to produce 1.8 million pairs of shoes this year, while the metalworking enterprise expects to double its production in the second half of the year and to provide new lines of production—such as bicycle spokes and nails—as well as to reap good dividends from the sale of screws.

We can add to this network of important industrial centers food production, which will grow considerably compared to the previous year in terms of flour and dairy products, the production of a line of soy yogurts, and the production of Cerelac supplement for the elderly.

The production of Santiago de Cuba's liquor and beverage enterprise is also encouraging, since it solved acute problems in the boilers, refrigerators, and filters and now intends to increase beer production by approximately two million boxes, as well as 3.7 million liters of rum, in addition to providing 55 tons of yeast for bread production in Santiago de Cuba and Guantanamo Provinces.

To this we can add the mango crop, which will triple last year's with a harvest estimated at 500,000 quintals. Lazo also acknowledged that the production of tubers and vegetables in Santiago de Cuba, although production plans are fulfilled every year, remains the Achilles' heel of the province. This is why he demanded more and better work to extract from the earth everything it can yield despite the lack of appropriate resources. He added that there can be no enterprise director whose mind and soul is not pledged to the battle for economic efficiency.

Alfredo Jordan Urges Enforcement of Agrarian Law

FL3105214694 Havana Radio Reloj Network in Spanish 1944 GMT 31 May 94

[Text] Agriculture Minister Alfredo Jordan, Politburo member, has called for the strict implementation of Cuban agrarian laws and demands that farmers fulfill their food delivery commitments.

In Matanzas, Jordan pointed out that it is inadmissible that there are farmers who so far this year have not delivered a single quintal of agrarian products. Jordan stressed that the people's food supply is inviolable and that whoever has arable lands and production agreements with the state is obligated to fulfill the terms of the agreements. Jordan added that more severity will be imposed against farmers who fail to deliver, and if necessary, firm application of measures provided for in the Agrarian Law will be used. Finally, Jordan announced that the government is considering levying a tax on fallow lands.

Vice Minister Praises Unit on Tomato Harvest

FL2805142994 Havana Radio Reloj Network in Spanish 1932 GMT 27 May 94

[Text] Division General Ulises Rosales del Toro, first vice minister of the Revolutionary Armed Forces, has praised the contribution made by the 35th Anniversary of the Triumph of the Revolution unit in the tomato harvest in Pinar del Rio. Rosales pointed out that the harvest this year was larger than last year, but that this is no reason to feel smug because there is still room to improve production.

Rosales del Toro added that the experience attained by the Youth Labor Army and several farms of Los Palacios Rice Agroindustrial Complex ought be implemented to achieve higher efficiency with students from the military schools.

This year, the 35th Anniversary of the Triumph of the Revolution unit harvested over 193,000 quintals of tomatoes, as well as 50,000 quintals of tubers and vegetables.

Water Outages Announced for Havana Municipalities

FL3105214794 Havana Radio Reloj Network in Spanish 1957 GMT 31 May 94

[Text] Havana's Water Service Authority has announced that on Thursday, 2 June, there will be a water service outage from 0600 to 1800 in six Havana municipalities.

The water outage will comprise Regla Municipality, except the Modelo neighborhood; Alamar Municipality, including the Camilo Cienfuegos and La Villa neighborhoods, and the area of the Pan-American Games facilities; the Vista Alegre neighborhood in 10 de Octubre Municipality; Arroyo Naranjo Municipality, including El Lucero bakery, [words indistinct], the yeast factory, and the Rene Ramos Latour Technology Institute. The outage will also include the Villa Maria neighborhood in Guanabacoa Municipality and all the buildings on either side of San Miguel del Padron Boulevard, from Chaquea Alley to Virgen del Camino Road, and El Pitirri Road to [word indistinct].

'Antonio Guiteras' Power Plant Operational

FL3105152994 Havana Radio Reloj Network in Spanish 1402 GMT 31 May 94

[Text] After some technical difficulties, the Antonio Guiteras Power Plant in Matanzas has incorporated its 330 megawatt unit into the national electric system. Specialists at that plant report that the average output exceeds 270 megawatts and that the recent repairs did away with other problems that obstructed the continuous generation of power. A one-month maintenance outage is projected for September, which will allow regulating 50 percent of the turbine valves, clean the boiler, and repair auxiliary equipment.

The Antonio Guiteras Electric Plant is the most efficient of its kind in Cuba and has achieved more than 40 percent of its electric production goals for 1994.

Electric Union Predicts Reduction in Power Outages

FL2805015994 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 28 May 94

[From the NTV newscast]

[Text] The Basic Industry Ministry's Electric Union has reported that power outages should be reduced in the capital within the next few hours, once repairs to one of the boiler pipes at the power plant in Matanzas are completed. One of the units of the Mariel power plant is also in the final stages of its maintenance program. Meanwhile, work should begin on the power plant in Cienfuegos Province.

Journalists Discuss Increase in Prostitution

FL2705184594 Havana Radio Rebelde Network in Spanish 1600 GMT 25 May 94

["Straight Talk" program hosted by Osvaldo Rodriguez of JUVENTUD REBELDE and featuring guest Maribel Acosta from NTV—live]

[Text] [Rodriguez] Is Cuba a country of prostitutes? [jineteras] Maribel, you are astonished by the question. I can see that in your face. I believe many people are asking this question today, a question we should try to answer today, perhaps talking about the matter, talking about prostitution, male prostitution as well....

[Acosta, interrupting] And child prostitution.

[Rodriguez] And child prostitution. I believe we must face this matter with a great deal of realism. This is a

phenomenom new to the Revolution, but old to the world. Actually it was an old phenomenom in Cuba before the Revolution.

Prostitution was a necessity, a necessity in order to survive. Later it became a way of being able to live better than the rest, in that recent period. Today, I believe the economic situation is fostering a revival of this phenomenon, but I still believe one should not have to sell one's body in order to solve problems in a crisis situation. I do not know what you, yourself think about this.

[Acosta] I think prostitution is obviously on the increase, and I mean all types of prostitution—whether of women, which is is what basically attracts the most attention and, to put it one way, is the most developed, but also of children, and of men as well. It is something that one did not encounter frequently, a few years ago.

What is most dangerous, however, is that it is beginning to receive a certain amount of social tolerance, at least in the city of Havana. I know this because I travel extensively throughout the country. Situations like this also exist in other parts of Cuba, although I think it is more open, more obvious and overwhelming in Havana.

This situation is also tolerated by a particular group of people in Havana. It is obvious that the economic situation in Cuba is difficult, that is clear. But as far as I am concerned—I, who am living more or less the same way everyone else lives—it is not necessary to sell oneself at all. There is a very curious phenomenom. For example, [pauses] of course there are many ways of looking at things in life, and the very way society sometimes looks at things contributes to different things.

The other day I was walking by the Hotel Presidente on my way to the Casa de Las Americas, and on the hotel door leading to the pool there was a sign reading: children's party—cake, soft drinks, pinatas and sweets during the last two Sundays of the month: two dollars per child. That is what the sign said. Well, we all know that having dollars is no longer penalized, but we also know that pharmacies that were selling medicines in dollars were deprived of those medicines for this very same reason because these are things with which the people must not be burdened.

[Rodriguez] We have said—in the past, in Straight Talk—that there were limits, to dollar income. But we cannot hurt the population's feelings; and that sign you just mentioned surely hurts and exasperates those who walk by knowing that their children would like to be there but cannot because their parents do not have the dollars to pay for them.

[Acosta] Does the Presidente Hotel need to be profitable at the expense of children's parties? I do not think so. I do not think it needs to do that, and it should not do it either, not only from the ethical point of view but also from the economic point of view because by no means should it base its profitability on something like this. And besides, you are walking with your child, a child who does not understand things much because he is still small, and he says: I would like to go to the swimming pool on Sunday. And you say: You cannot go there because we have to pay in dollars to get there. Imagine! And who has dollars?

[Rodriguez] Maribel, I perceived indignation in you as you gave that concrete example. I do think this is not the only example, however. I think we must also talk about the family. A few hours ago, I was told an anecdote concerning a neighborhood here in Havana—specifically, the Vedado neighborhood—where a 14-year-old girl engages in prostitution with her family's permission. She is only 14 years old. I think that is the child prostitution matter you mentioned. She is not a full grown woman yet, and does not know what she wants. She has no idea of what love really is, nor does she know the significance of selling her body.

In addition to society as a whole, I think the family is also responsible, for allowing this to happen. And of course, the government can be held partially, although not fully, responsible for this because people often want the government to solve all police problems through repression. I think this is just a matter of education. What do you think?

[Acosta] Look, of course the family has a tremendous influence in this regard. And this has to do with what I was telling you about the social tolerance of this phenomenon. Tolerance means that people are looking at the phenomenon more leniently, not worrying much about whether a young girl or boy becomes a prostitute or not. This, then, becomes a growing phenomenon, and of course the family is very much responsible. There are people who claim—and on this I agree with them—that such behavior is normal in a time of crisis. I mean: A human being's worst aspects usually emerge in times of crisis. This is true. Therefore, we are facing a phenomenon for which there is no explanation. It is good to be alert, however, because we want to preserve the virtues we have preserved to date.

And there is something that continues to bother me: Every morming I walk around the Habana Libre Hotel, and there are many children begging there, including children wearing uniforms, asking the tourists for money. The way they ask tourists for money, however, is not the way we see children in capitalist countries or poor countries ask.

In a capitalist country when a child asks a tourist for money, the tourists do not dare to do anything because they know that if they try anything, they can be beaten or can be simply murdered. Our children, accustomed to being loved by society, children who are usually protected and often spoiled, do not know anything about what happens in other countries. And I have seen the way tourists are attacked and beaten up in other places.

Such an example gives you an idea of the wicked actions that can occur, and I have often thought about this. Do you realize the difference here, and do you realize the

real need to do these things? I mean: Do you see the difference between one place and another?

The children who are begging for things in certain foreign countries, as I have seen them in Latin America, are sad-looking children. They are children who are fighting for survival, and you can see that in their eyes. But our children beg for money to buy candies.

[Rodriguez] Maribel, I believe the examples you are giving us regarding the children seem to be sporadic examples that can perhaps be seen around the Habana Libre Hotel, as you said, or maybe in other tourist centers in the interior of Cuba; and they are being repressed effectively by the Pioneer organizations, the Union of Young Communists [UJC], and educational organizations, and I think families are also taking action. As you said, however, the goals of those children are candies, but sometimes they could also be attracted by signs like the one you found on the door of a hotel. Parents often also need those dollars, which cannot be obtained easily through legal means. They need dollars to take their children to such places, and to meet certain artificial needs that are often created.

[Acosta] Yes. This is something we can discuss further, to tie what is happening in our society to the effects of the measures adopted recently. Moreover, the discussions held among the population, those Parliaments in the Workplace, seek to explain these phenomena, which are beginning to undermine society's values because work and the salaries of people who depend on their work, who depend on their salaries and their competency, are valued in society and are what give people their true value.

The measures adopted recently, or measures outlined as policies that will be implemented gradually, will surely create the conditions in which people will be admired and respected for, and their value will depend on, their personal efforts and work, and not on immorality. This phenomenon, then, has to do with all these things, and in a way we must try to harness it socially; otherwise, social tolerance will emerge and the problem will worsen.

[Rodriguez] I also think that we must...

[Acosta, interrupting] We must also recall that this year, the crime committee discussed the idea of including within the penal code some criminal actions such as prostitution, procuring, etc. It was an idealistic mistake to exclude them, that is, I think that things like these must also be repressed.

[Rodriguez] Yes. I also think, Maribel, that this type of action has reached a peak due mainly to the economic crisis. But there are other moral values that must be preserved. In addition to solving its economic problems, society must also preserve moral values because, as you said, these economic problems are related to our moral and social problems. But above all, I think we must recover the precept we have learned from our forefathers, from our grandparents. They are poor but honest. I think we must recover these principles because no crisis...

[Acosta, interrupting] These are also the principles of Jose Marti. When we read Marti's ideas thoroughly, we realize that one of the most common words in his writings is honesty.

[Rodriguez] Yes. No crisis can drag us to find dollars through any illegal means. It is true that in our society having dollars today means having solved some essential problems which most Cubans cannot solve. This is a truth no one can deny. But obtaining dollars by means of selling one's body is perhaps one of the most despicable ways for a human being to obtain a profit. And you who are a woman will probably know how to explain better to our listeners what does it mean for a woman to feel love for another person, to have a feeling, and not to be sold like merchandise because I think all those women engaged in prostitution are just merchandise. Don't you think?

[Acosta] Yes. But I think you are only revealing your chauvinist position because I have to explain the situation not only because I am a woman, but I am going to answer the question anyhow because I guess I have no other alternative. Then, yes. Of course, love is essential in all aspects of life to enjoy life. This is our ultimate goal in life. As (Galiano) used to say: It is much better to make a living and not to buy it ready made. Then this is what it is, we have to gradually make our life, fighting and loving. And this type of action will ultimately generate love. No one can say that the lack of love is necessary for living. I believe these social behaviors can somehow be controlled or eradicated. I want Cuba to stop this problem. This is further proof that Cuba will remain as the Cuba we have always wanted and which we have hoped for.

[Rodriguez] Thank you very much, Maribel Acosta, from the National Television Newscast, for discussing the problem of prostitution with us.

Reporter Panel Analyzes Cafeteria Price Increases

FL3105235394

[Editorial Report] Havana Radio Rebelde Network in Spanish at 0100 GMT on 31 May carries its "Straight Talk" Program with Host Osvaldo Rodriguez, from BOHEMIA magazine, and his guest reporter Renato Recio, from TRABAJADORES newspaper. They are discussing the increased prices at workers' cafeterias, which will go into effect on 1 June.

Rodriguez and Recio begin by talking about the excess currency on the streets. Rodriguez points out that at the end of March, there was 11.636 billion pesos of excess currency circulating on the streets. Recio notes that the meals offered at the cafeterias are very inexpensive.

Rodriguez and Recio change the focus of their discussion to the lack of control at work centers. Recio points out: "We all know that in Cuba, there is a lack of control over resources in many—too many—economic enterprises. It would not be absurd, it would be logical that among those who work in the warehouses, or who handle and work with the foods that are later offered at the cafeterias, there could be symptoms of lack of control. Of course, whatever is misappropriated can graciously be tacked onto the prices, and that is not right.

"Therefore, I believe there should be strict control over all resources sent to workers' cafeterias and that efforts should be made to reduce costs. Earlier, you mentioned self-sufficiency. That is something that could help improve variety at the cafeterias without significantly increasing prices. Therefore, the work centers should link what they offer in their cafeterias with what is produced in the self-sufficiency gardens."

Rodriguez mentions that there are some workers who expect to be paid to work on the self-sufficiency farms. Regarding this, Rodriguez says: "That comrade who goes to work on the self-sufficiency gardens has a salary, and his salary is often higher than that of a farmer." He later says: "In Camaguey, they are experimenting with methods whereby an industrial center can create a cooperative with industrial workers to supply the center's cafeteria with food."

Recio goes on to say: "I believe all roads should lead toward efficiency. If a road does not lead toward efficiency, I believe it should be closed. That is how I see things." He notes that the workers parliaments demonstrated that Cuba must eliminate subsidies to work centers and to workers' cafeterias. He says: "I believe we all agree—or most of us agree—that the prices of the food served in the cafeterias should be increased, but I insist that the labor unions make sure administrations do not take shortcuts. The easiest thing is to solve economic problems with prices." He goes on to say: "There are many reasons for inefficiency at the workers' cafeterias. That inefficiency is not what I should receive. I should receive quality and above all, variety."

Recio concludes by saying: "I believe we all agree on price increases and decreasing or eliminating subsidies to workers' cafeterias, but this must be related to a cost analysis, a practice that leans toward efficiency and a practice that leans toward quality. It is sad to see prices increase while quality decreases. Quality and price should be linked.

Rodriguez concludes by saying: "I do not believe workers' cafeterias are always prepared to analyze this issue of cost. That is why I foresee many injustices being committed when this measure goes into effect on 1 June. I believe injustices will be committed in some places. We, therefore, alert our listeners, workers in general, labor union leaders, party leaders, and of course, the administrations, to be watchful so these types of injustices are not committed."

Film Institute, French Company Sign Distribution Contract

FL2805013994 Havana Radio Rebelde Network in Spanish 1700 GMT 27 May 94

[Text] Sources at the (CAPA) French television production company have announced that they have signed a contract with Cuba granting them international rights to the purchase and distribution of Cuban Institute of Cinematographic Arts and Industry [ICAIC] films on video, which have never been seen outside of Cuba. These 35mm movies, most of which are in black and white, belong to the weekly magazines the ICAIC used to produce. AFP has confirmed that Cuban authorities will retain exclusive rights to the distribution of the documentaries in Latin America.

Roundup of Economic Activity

FL3005021494

[Editorial Report] The following is a compilation of fileworthy reports on economic developments carried on Havana radio and television in Spanish between 23 and 29 May:

Radio Rebelde at 1155 GMT on 23 May reports that Noel Adrian, general director of the Cuban-French enterprise Havana Club Internacional, has announced in Santiago de Cuba that Havana Club rum will be officially launched in France, Belgium, England, and other European countries in July.

Radio Reloj at 1933 GMT on 23 May reports that the Antonio Maceo power plant in Santiago de Cuba is resuming operations after being off-line for two days because of weather conditions.

Radio Reloj at 1942 GMT on 23 May reports that the Mercado S.A. tourism group, which promotes scientific tourism in Cuba, brought more than 7,000 tourists to Cuba and grossed $2 million during 1993.

Tele Rebelde and Cuba Vision Networks at 0000 GMT on 24 May report that after successfully completing their six-month goal, Ciego de Avila oil workers are determined to recover first place in the Black Gold program. Oil workers have extracted 34,000 tons from the province's four oil deposits.

Tele Rebelde and Cuba Vision Networks at 0000 GMT on 25 May report that members of the German Communist Party presented a donation of $14,000 to a medical center in Cerro Municipality, Havana City Province.

Radio Rebelde at 1700 GMT on 25 May reports that the 1993-94 tobacco harvest has virtually concluded in Pinar del Rio Province following the harvesting of 24.2 million poles of tobacco—450,000 more than in the previous harvest although 121 fewer caballerias had been planted. The harvest should result in 300,000 quintals of tobacco—39,000 more than last year. The tobacco crop

accrues $100 million annually for the Cuban economy. Pinar del Rio Province is the source of 70 percent of the national tobacco crop.

Radio Rebelde at 0900 GMT on 26 May reports that a Ciego de Avila work group is close to reaching its goal in the recovery of spare parts used in the national energy program. Each piece of equipment that is rebuilt constitutes a savings of approximately $1,000. This 10-man work group is also outstanding for its efficient use of electromagnets, nuts and bolts, and resistors and for recycling lubricants for electric devices.

The radio also reports that innovators from the Ministry of Construction's Enterprise No. 1 in Pinar del Rio Province have developed a cement-hardener made from molasses and other materials available locally. This guarantees a 10 percent savings in cement and makes the cement much easier to use. This saves Cuba from having to buy a chemical substance on the international market to use for that purpose.

Radio Rebelde at 1155 GMT on 26 May reports that Interior Ministry troops on the Isle of Youth work 107 caballerias of land with a view to food self-sufficiency. This unit has become self-sufficient in food used for workers cafeterias and the building of homes. The unit has built 23 houses so far.

Radio Rebelde at 1700 GMT on 26 May reports on the development of the techno-tour exhibit at (Pavexpo) in Havana. A restaurant company has agreed to open a restaurant called Pizza Nova at the Hemingway Marina. The firms foresees establishing similar restaurants throughout Cuba, which should constitute a source of substantial income for Cuban tourism organizations. The Czech Republic is also participating for the first time at the fair.

Radio Reloj at 1954 GMT on 26 May reports that the factories in the municipalities of Camajuani and Placetas that make cigars for export and for local consumption fell behind by more than 800,000 units due to power outages, causing losses exceeding $1 million. Tobacco factories have produced 1.1 million units so far this month. They hope to solve the problems with a generator that was purchased abroad, which has not yet arrived.

Radio Progresso at 1100 GMT on 27 May reports that preliminary estimates put the damages caused by the recent intense rainfall in Guantanamo Province at over 90 million pesos.

Dominican Republic

Vehicles Heading to Haiti With Fuel Seized

PA3105234294 Hamburg DPA in Spanish 2201 GMT 31 May 94

[Text] Santo Domingo, 31 May (DPA)—The Dominican Armed Forces have seized 33 vehicles and a boat as they were preparing to take fuel and other goods to Haiti. Of the 33 vehicles, five trucks belong to Haitian merchants, and the remainder, made up of trucks, jeeps, and cars, belongs to Dominican citizens. All vehicles seized were taken to Armed Forces headquarters in Santo Domingo for investigation.

Regarding the boat, reports indicate that it was a barge carrying 800,000 gallons of diesel fuel and heading toward "Fort Liberte" in Haiti. According to the Armed Forces Ministry, sailors said it was heading north of Monte Cristi and that later, it turned toward the south, entering Haitian territorial waters.

Personnel on a Navy craft fired several shots, forcing the barge and its seven Dominican crewmen to head toward a Dominican port, where the men were arrested and the barge seized. Reports indicate that all these cases are under investigation.

Haiti

Government Bans Malval, Officials From Leaving

PA3105193994 Paris AFP in Spanish 1854 GMT 31 May 94

[Text] Port-au-Prince, 31 May (AFP)—On Tuesday, the government of provisional President Emile Jonassaint, which is not recognized by the international community, banned members of the resigning administration of Prime Minister Robert Malval from leaving the national territory.

In a communique read over state television, the Ministry of Interior and National Defense "informs border posts and those concerned of the formal prohibition against leaving the country effective immediately for those who have to give explanations on their use of public funds." This measure, which also involves all high-ranking officials appointed by exiled President Jean-Bertrand Aristide or Malval, is aimed at officially reviewing the country's accounts.

According to observers in Port-au-Prince, however, this directive may cause tension between the authorities of the administrations of Jonassaint and Malval, who, despite tendering his resignation, continues to administer current affairs while waiting for President Aristide to appoint a new head of government.

This measure was adopted "with the legitimate concern to guarantee the interests of the public administration and the state," the communique said. Former officials must present official proof of their handling of affairs at the moment of leaving the territory. Some of Malval's ministers are already abroad, according to well- placed sources. Following his election, Father Aristide ordered the same measure, which was denounced at the time as political vengeance.

Aristide Said To Side With France on Invasion

FL3105201494 Port-au-Prince Signal FM Radio in French 1030 GMT 31 May 94

[Text] Jean-Claude Martineau has said Aristide will side with France and other countries so that he is not blamed for an invasion of Haiti. This weekend on a Montreal radio station, president-in-exile's spokesman detailed the avalanche strategy [strategie lavalassienne], in light of new developments in the Haitian crisis. He almost lost his temper in light of the pertinence of the questions of Compere Raymond Laurent, who had him unveil his government's priorities. Martineau clearly confessed that President Aristide will side with France and other countries so that he is not blamed for an invasion of Haiti.

Ministers To Report to Sansaricq's Office

FL3105202794 Port-au-Prince Radio Metropole in French 1045 GMT 31 May 94

[Text] The provisional government of attorney Emile Jonassaint has established an official agenda of meetings with the Senate office headed by Senator Bernard Sansaricq. The agenda notes that various provisional government ministers will have to appear before legislators to defend their management policy. The agenda, which lasts until 23 June, plans for an audience every two days at the Senate beginning 31 May. Information and Coordination Minister Jacques Saint-Louis will be the first guest of the Senate office headed by Bernard Sansaricq. Saint-Louis will be received by the Senate on 31 May.

Ministry Warns Against Criticizing Government

PA3105233194 Madrid EFE in Spanish 2046 GMT 31 May 94

[Text] Port Au-Prince, 31 May (EFE)—The government of "de facto" Prime Minister Emile Jonassaint of Haiti today prohibited members of the government of Former Prime Minister Robert Malval from leaving the country.

Haitian Interior Minister Joseph Willio Nouailles, that a notification has been sent to the Department of Migration for them to enforce the order. [sentence as received]

Meanwhile, the minister of information accused the media of being hired by the international community "to exaggerate" reports about the contentious political situation in Haiti. Haitian state television on Monday also accused groups considered "antinationalist" of promoting refugee boat trips just to tarnish the government's image. The Ministry of Information reminded the people that the Haitian Criminal Code articles prohibiting criticism of the authorities are still in effect.

International civilian teams from the UN and the OAS released the results of an investigation they carried out in Leogane and Petit Goave (30 to 50 kms south of Port-Au-Prince), which maintain that the human rights situation has deteriorated significantly in the region over the last few weeks.

The mission also reported that 40 people were arrested in the predawn hours of 16 to 17 May in "Trou Chouchou, a community of Petit Goave, when they were about to set sail for the United States.

They were part of a group of 200 people who were mistreated by Haitian soldiers. According to the report, the soldiers accused them of being supporters of Constitutional President Jean-Bertrand Aristide, who was overthrown in September 1991 by a military coup led by Gen. Raoul Cedras. The mission also stated that 50 people were detained and beaten on 22 May at a beach in Petit Goave, while trying to flee to the United States aboard a small boat.

The detained Haitians said that some of their aggressors were wearing Army uniforms and others were members of the ultraright-wing Front for Haiti's Advance and Progress (FRAPH). Two of those arrested had already been taken and held at the Haitian refugee camp on the U.S. military base at Guantanamo (Cuba), the mission said. According to UN and OAS officials, there were two children and four babies among those arrested, all of whom were locked in a cell with another 20 people.

Special Session Postponed Due to 'Security Problems'

PA0106031294 Madrid EFE in Spanish 0053 GMT 1 Jun 94

[Report by Herold Jean-Francois]

[Text] Port-au-Prince, 31 May (EFE)—The Haitian National Assembly special session summoned this morning by Constitutional President Jean-Bertrand Aristide will not be held because parliamentarians have complained about security problems.

Senate Vice President Firmin Jean-Louis indicated he had contacted several legislators who expressed their willingness to participate in the special session, but stated their apprehension with respect to its feasibility.

Nevertheless, Jean-Louis disclosed that those parliamentarians contacted "reiterated their recognition of Aristide as legitimate president and expressed their willingness to respond favorably to his summons today and from here on."

On the other hand, this Tuesday, Deputy Antoine Joseph, former president of the Chamber of Deputies, stated Aristide is entitled to convene the parliamentarians, but he believed the president should have contacted the parliament's political groups before summoning the National Assembly.

The deputy criticized Senate President Jean-Louis, who was in a position to make the contacts prior to the

president's summons. Joseph also pointed to the security problems the legislators are having and the unlikelihood the summons will come through.

Another reason, Joseph indicated, was the position adopted by Jean-Louis with respect to the 2 March parliamentary resolution that attempted to solve the crisis through Aristide's appointment of a prime minister, the retirement of General Raoul Cedras, and the implementation of an amnesty law. Joseph stressed that the Chamber of Deputies does not recognize the "de facto" government headed by Judge Emile Jonassaint.

In a letter dated 26 May and sent to Jean-Louis, Aristide urges the senate president to take the necessary provisions to summon the National Assembly on 1 June to express an opinion on the "11 May charade" and the illegal appointment of Jonassaint as de facto president by a group of senators headed by Bernard Sansaricq.

In the meantime, press reports from Haiti point out the deployment of troops on the border with Santo Domingo in response to the Dominican Government's commitment to control the smuggling of crude-oil-related products through the border shared by both Caribbean nations.

As a result of these new measures, the price of gasoline increased drastically in the free market, and this Monday and Tuesday, a gallon of gasoline could be purchased for $10. A military source told EFE that the Army has large amounts of gasoline for its military vehicles and those used by the high-ranking officers.

On the other hand, if the price of gasoline continues to increase, public transportation will be crippled in a very short while, and private owners will be forced to leave their vehicles parked at home because of the lack of resources to confront rising prices on the black market.

Organization Chief Calls for 'State of Siege'

FL3105194594 Port-au-Prince Signal FM Radio in French 1030 GMT 31 May 94

[Text] Engineer Franck Pierre, secretary general of the Capois Lamort Organization of Haiti [OCLH], has called for a state of siege. Pierre has written Lieutenant General Raoul Cedras, commander in chief of the Haitian Armed Forces [FADH], demanding the state of siege and calling for the president of the Republic and Parliament to declare a state of siege to prepare for any possible provocation in Haiti. The current political sphere of influence continues to tear Haiti's social fabric and has led the country to a fatal deadlock, clearly threatening our national sovereignty with the military intervention of foreign powers known as Friends of Haiti.

The OCLH can in no way remain indifferent and idle during crucial points in the nation's life and has decided to save and defend our national independence. The OCLH earnestly and firmly asks the FADH high command: 1) To order a state of alert at all military bases in the nine geographic departments and to put the Army on alert; 2) To call up all officers, noncommissioned officers, and retired soldiers [words indistinct].

Invasion Rumors Generate Fear, Concern

FL3105201394 Port-au-Prince Signal FM Radio in French 1300 GMT 31 May 94

[Text] On the night of 30 May, rumors of military intervention exacerbated fear and worry among Haitian families; rumors that the U.S. military was controlling Mais Gate Airport. The rumors appear to have stemmed from a U.S. officer's statement on the military invasion of Haiti that was misunderstood.

A reliable source told Signal FM that a U.S. Army colonel said U.S. authorities have decided to invade Haiti and that all that remains now is to determine the main targets. This Army colonel also said Mais Gate Airport will be one of the main targets.

High-Ranking Officials: Torricelli 'Not Welcome'

PA0106042794 Mexico City Radio ACIR Network in Spanish 0000 GMT 31 May 94

[From the "Panorama Newscast"]

[Text] Humberto Lugo Gil, acting leader of the Senate of the Republic, demanded reciprocity from U.S. Congressman Robert Torricelli for the services and treatment he received during his trip to Mexico.

[Begin Lugo recording] We welcome any one who wants to come and visit us to see what the national situation is like. We ask him to be objective in his observations based on the general reality of our country and not based only on the events of a specific time span, to prevent this person—or any other visitor—from reaching conclusions that do not reflect the truth about the real situation we are experiencing here, both domestically and abroad. [end recording]

Most Mexicans are bothered by Robert Torricelli's presence. This is the same U.S. congressman who always opposed NAFTA and has even proposed even stricter and stronger border restrictions for immigrants, particularly Mexicans, to our northern neighbor's Congress. Important high-ranking officials and public leaders say Robert Torricelli is not welcome in Mexico, including former Mexican Foreign Minister Fernando Solana, a candidate for the Senate.

Fidel Velasquez, secretary general of the Confederation of Mexican Workers, said there is nothing lost because of the Torricelli visit. He said he is not violating national sovereignty with his statements. This happens in Mexico, because Mexico is a very generous nation. In any case, Don Fidel still is not very pleased with the visit.

Youths Demonstrate at U.S. Embassy

PA3105185994 Mexico City LA JORNADA in Spanish 30 May 94 p 12

[Report by Jesus Aranda]

[Text] Members of the Promoters of Solidarity with Cuba have taken over installations at the U.S. Embassy, displaying a casket containing a puppet of *Uncle Sam* and burning it, and they began staging a *lightning* demonstration against U.S. "imperialism" and Senator Robert Torricelli's presence in Mexico.

The grenadiers in charge of security around the U.S. installations did not know what to do; the protesters jumped over the huge chain-link fence located at the barrier in front of the embassy building. They were a mere meter and a half away from the door that accesses the embassy.

The appointment for media reporters presaged something very peculiar: "Two women will meet the reporter at 0930 at the Sanborns Restaurant to lead him to the place where the events will be staged."

At 1000 sharp, reporters followed the youths who were heading toward La Reforma Avenue; suddenly, a *pickup* truck stopped in front of the U.S. Embassy, and two youths quickly got out of the car and placed the casket with the effigy inside.

Members of the Promoters of Solidarity with Cuba appeared from many places and started chanting slogans against U.S. imperialism and Senator Torricelli: "The Zapatists burned the fax in which they were warned of your presence," they greeted him, whistling five times.

Following a minor incident in which certain drivers could not proceed by using the street parallel to La Reforma Avenue, traffic was completely halted. During this demonstration, which the group of youths called a "symbolic and peaceful" demonstration, members of the Promoter of Solidarity with Cuba such as Jorge Carrillo explained that this was not an act of provocation but, rather, a simple act protesting the meddling behavior of the U.S. Government in Cuba and the presence of Torricelli, against whom they wanted to enforce Article 33, that is, they wanted to expel him from the country as a persona *non grata*. The legislator was accused of meddling in Mexico's domestic affairs; this is why most of the slogans were aimed at him.

Meanwhile, Gustavo Hernandez Merida, second ranking official at the General Secretariat for Protection and Highways, spoke via radio to ask whether there was permission to stage this demonstration. There was a negative reply. He requested reinforcements, and minutes later, the 03021 and 03022 Patrols, whose agents remained on the lookout, arrived.

At 1025, the casket was dragged with a yellow chain, put atop the barrier, and left there "as a souvenir." Amid the billowing smoke emanating from the casket, the youths said goodbye to Torricelli by whistling five more times and quickly left the scene.

Demonstrators Clash With Riot Police

PA3105190294 Mexico City NOTIMEX in Spanish 1054 GMT 31 May 94

[Text] Mexico City, 31 May (NOTIMEX)—A police source has reported that one person was arrested and an unknown number were injured today during a clash between riot police and demonstrators demanding housing in Iztapalapa, in eastern Mexico City. According to the Road and Safety Secretariat [SGPyV], the incident occurred early this morning when policemen dispersed members of the so-called "Francisco Villa People's Front" [Frente Popular Francisco Villa] who were blocking an avenue with two buses. The SGPyV said nine policemen were injured in the clash; however, the source failed to mention the number of wounded demonstrators. The source also failed to mention how many riot policemen participated in the operation. Eyewitnesses calculated that there were approximately 500 riot policemen in the area.

The source added that when the riot police intervened, the demonstrators withdrew to a nearby school from where they hurled bottles, sticks, stones, and "Molotov" cocktails at the police, damaging several privately owned vehicles.

After the clash, the demonstrators occupied and destroyed the offices of two district attorneys and hurled stones at the policemen while demanding that their arrested leader be released. The arrested leader was released but another demonstrator was arrested, the police source added. The demonstrators failed in their attempt to [words indistinct] and broke windows. Among the injured were three riot policemen, who were intentionally hit by vehicles. The others were injured by "a rain of projectiles thrown at them," the source added.

Government Disagrees With U.S. Cement Exports Decision

PA3105194194 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 30 May 94

[Report by Patricia Gutierrez from the "Early Morning" newscast]

[Text] The Mexican Government has expressed its total disagreement with the preliminary decision by U.S. authorities to apply taxes on Mexican exports of cement clinker and portland cement. The U.S. Commerce Department based its decision on the argument that Mexican export companies did not provide adequate information on Mexico's cement sales to the U.S. market.

Commerce Secretary Jaime Serra Puche said that if the final decision by the U.S. Government in August turns out to be adverse to the interests of Mexican cement companies, Mexico will present the case to the NAFTA commission. Serra Puche explained that a formal request will be presented to establish an arbitration panel to consider the correct application of the U.S. antidumping law in accordance with what is established in Chapter 19 of NAFTA.

Meanwhile, Trade Negotiations Under Secretary Herminio Blanco will meet with the representatives of the affected companies to evaluate the possibility of a public hearing that will allow them to explain their arguments against the U.S. Commerce Department's decision. The Mexican businessmen have 30 days to submit comments on Friday's preliminary decision, which established differential margins [margenes diferenciales] of 60.33 percent for Mexican Cement and 59.91 percent for the rest of the companies.

Banamex-Accival: Foreign Capital Destabilizes Economy

PA3005051594 Mexico City UNOMASUNO in Spanish 27 May 94 p 18

[Text] Foreign capital is prompting an excess supply of money which destabilized the country's economy, says the Banamex [National Bank of Mexico]-Accival financial group. The financial group added that this could lead to considerable devaluations of the peso with regard to the dollar and to interest rates, as well as to disproportionate increases in the Mexican Stock Market and other assets.

The financial group said that in the beginning, the influx of cash will not decrease rates (for the withdrawal of bills and coins and sterilization), it will keep the exchange rate low and raise the stock market index. Later on, there will be reactions, first in the exchange rate and then in interest rates, and the situation will change. Supply will become increasingly moderate and demand will once again increase through private financing.

In examining Mexico's economic situation in May 1994, Banamex's Department of Economic Studies stated the economy's low rate of growth is temporary because the economy has not lost it's solidity and because the general consensus is that stability is an essential requirement to achieve greater development.

Nevertheless, the Department also mentioned that recovery is not yet clearly visible and notes that it could be delayed or limited by certain salient factors. "At present, there are other reasons for uncertainty which, perhaps, may prompt a deferment of investment plans. We are also beginning to note an increase in manufacturing production, but this increase is not echoed by sales." The Department also pointed to the possibility that inventories may accumulate and later weaken production.

The Department likewise underscored that conditions do not yet exist for steady progress in private spending. A higher unemployment rate and the fragmentation of the labor sector have limited domestic spending power and made the decision to spend more selective, which can be attributed to individual over indebtedness.

Tello: Nothing To Hide Regarding Elections

PA2805143894 Mexico City Radio ACIR Network in Spanish 0000 GMT 28 May 94

[Report by Marcela Gutierrez from the "ACIR Radio News" newscast]

[Text] The Foreign Secretariat reported on today's meeting between Foreign Secretary Manuel Tello and 10 representatives of the print media. The main topic discussed was the 21 August elections. Tello said Mexico is not harmed in any way by the arrival of representatives from other countries or international organizations to learn how the Federal Electoral Institute is organizing the elections. He added the presence of observers from the United Nations and other international organizations helps to dispel any doubt that may exist about the elections.

The official noted Mexico has nothing to hide. It is quite the contrary, he said, since we must not only convince

the public here but our friends abroad. The foreign secretary was confident the elections will be conducted in total peace because the people of Mexico do not want violence and do not advocate violence as a way to settle disputes. To conclude, he added that one cannot rule out irregularities in the 21 August elections, but he said he was confident any irregularities would be minimal and would not undermine in any way the whole electoral process.

During the meeting that lasted a little over two hours, Manuel Tello commented on the purchase of crowd control equipment. He said the Mexican government purchased it to replace the existing equipment that was acquired in 1972 or 1973 but was never used. He indicated this may not have been the best time to purchase the crowd control equipment considering the controversy over the purchase. He noted, however, any responsible government has to have this sort of equipment.

Commenting on the visit by U.S. Democratic Congressman Robert Torricelli, who arrived on Friday in Mexico City, the foreign secretary said he is fully convinced the visitor will be highly impressed by the great effort Mexican society has made through its organizations and political parties to guarantee honest elections. He added Torricelli will go to Chiapas State where he may meet with Subcommander Marcos.

On another matter, Tello said the Mexican Government is holding talks with the Cuban Government to agree on the date in which President Carlos Salinas de Gortari will visit the Caribbean island, but he declined to comment further.

PRI Candidate Rules Out Divisions Within Party

PA2905020294 Mexico City EL FINANCIERO in Spanish 27 May 94 p 37

[Report by Jesus Sanchez]

[Text] Saltillo, Coahuila, 26 May—Ernesto Zedillo fended off bad omens of an electoral process that is just 12 weeks away, rejecting predictions of a split within the PRI [Institutional Revolutionary Party] that would make it weak like in 1988, which in turn could cause its downfall in the presidential elections. "I do not share such a catastrophic outlook; not only will we be a competitive party but a winning party," the PRI presidential candidate said.

The presidential hopeful also mentioned his visit to the National Autonomous University of Mexico (UNAM) and said the arguments made by members of the University Student Council (CEU)—that the university's autonomy had been violated—"speak for themselves," because apparently some members of the CEU participated in violent acts, and "I suppose they must feel very embarrassed about their conduct in view of how they are being condemned by other parts of the university."

Zedillo insisted he was at UNAM "under absolutely normal conditions" and said political arguments that try to make it seem otherwise do not jive with UNAM's tradition of culture, plurality, and tolerance. He noted: "I was respectful, knowing full well that other candidates had already been there—Zedillo was the first PRI candidate in UNAM's history to campaign there—and I believe, for the university students, this has been a break with an intolerant past, a past where a minority infringed on the rights of a majority."

Zedillo explained that as a public official, he had visited the School of Economics once, the School of Chemistry three times, and research centers several times under exactly similar conditions.

In a meeting with reporters who are covering his presidential campaign activities shortly before traveling to the pro-PAN [National Action Party] state of Chihuahua, Zedillo answered other questions, all of them linked to expectations about the results of August's federal elections.

[EL FINANCIERO] Perhaps we are on the verge of entering a period in which the percentage of votes won by the winning presidential candidate will be less than 50 percent, which would break new historical ground. Are we ready for this? Will the PRI continue to be a strong party with this kind of percentage of the vote?

[Zedillo] The PRI is competing with eight parties. The Constitution does not include any particular provision on voting percentages; the Constitution refers to a relative, not an absolute, majority. The Constitution and the law clearly establish who wins the elections and how they are won. I am very concerned about this obsession with percentages. The Constitution is very clear. We are just going to enforce the law.

In a good mood, Zedillo answered reporters' questions and said his new invitation to opposition candidates that another debate be held is not a matter of seeing who extends the invitation first. He said: "The thing is to hold the debate, but I have no doubt in my mind that on 24 April I called for a debate and on 12 May reiterated my call. For a minute there, they had me as the loser." He said that he has still not received a formal response, adding that he hopes all candidates agree to a new debate.

A difficult issue to face was the internal conflict within the PRI during the selection process for candidates to Congress. Zedillo termed these irregularities or incidents as "normal for a party with the PRI's democratic and decisive participation."

Zedillo remarked that according to the PRI's past experiences and those of other parties now, the PRI "has had an exemplary process." He hopes these will be isolated events, although in the end the number of conflicts is minimal compared to the complexity of the very process.

[EL FINANCIERO] Are there risks of breaks or a repeat of what happened in 1988?

[Zedillo] No, in the process held three years ago [number as published] there were more incidents than there are now. Given circumstances in the country, it is an exemplary process; these incidents are normal. There is freedom in the party, and I am satisfied and do not foresee a risk. To the contrary, I see a united party, a party strengthened to wage the campaign we need to wage to give it our best shot.

Zedillo emphasized that he does not agree with the catastrophic vision of the country. Mexico has made considerable progress and although it is facing serious problems, the population is recognizing its own effort, Zedillo added. And he concluded: "I think the basic conditions, those that count in an electoral process will allow us to move toward an orderly electoral process, in terms of legality, and, in the PRI's case, with a strong and united party."

PRI's Zedillo Invites Candidates to 2d Debate

PA2705005494 Mexico City XEW Television Network in Spanish 0430 GMT 26 May 94

[From the "24 Hours" newscast]

[Text] Institutional Revolutionary Party [PRI] presidential candidate Ernesto Zedillo has invited the other candidates to hold a debate.

[Begin Zedillo recording] On 24 April, I invited two of the presidential candidates to a public debate. This debate, held on 12 May, confirmed my party's commitment to democracy. I invited them to debate for two reasons. First, I wished to demonstrate with facts that I believe firmly in the discussion of ideas among several persons. I am convinced the leadership that Mexico requires must be based on the best ideas and programs. Second, I am convinced that my party's proposal is the best, offers the greatest possibilities of turning the progress of the national economy into tangible benefits for the family economy, preserves the attainments that we, the Mexican people, have reached with so great sacrifices, and proposes the great social and juridical reform that Mexico demands.

On 12 May, I expressed my interest in holding a debate with all nine presidential candidates. Today, I wish to formalize this invitation, which also corresponds to the interests of the other parties. I propose that we hold this debate as soon as practicable. The country is entitled to it. The country wishes to continue these democratic practices. For this reason, I expect a prompt reply to this invitation. I am extending this invitation under the same principles and in the same democratic spirit that guided the first debate. This is to say, that the nine parties should discuss a format that will guarantee impartiality, clarity, and equity. Each of the candidates should be given an equal amount of time. The debate should be broadcast live by radio and television and a single signal should be used, which can be picked up and transmitted by all the stations that so desire.

This debate will meet a demand from every single one of you: to have better information at the time our votes are cast on 21 August. On that day, all of us should participate in an exercise in responsibility and knowledge. We all desire a process that will conclude in peace and harmony, an exemplary electoral process in the history of our country. I know that we can do it, provided we are united. Thanks. [end recording]

[Later, this "24 Hours" newscast carries a report that on 7 June the nine presidential candidates will speak during a dinner traditionally held by newspaper editors to commemorate Freedom of the Press Day. In a recorded statement, Ricardo Perete, president of the Association of Daily Newspapers of Mexico [ADIMEX], says: "It occurred to us to invite the nine candidates to this important meeting commemorating Freedom of the Press Day so they can express their views. This will not be a debate. Each of them will be given five minutes. They will choose their own topics. They will not be interrupted at all. Yes, there will be a moderator, who will advise the candidates when their time is up." Perete adds that the order for the speakers will be determined by a drawing to be held in the ADIMEX head office.]

Six Candidates Accept Invitation

PA2805150494 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 27 May 94

[Report by Teresa Salazar from the "Early Morning" newscast]

[Text] Six opposition candidates accepted the invitation Ernesto Zedillo, Mexican presidential candidate for the Institutional Revolutionary Party, made to hold a debate. The National Action Party said it will think about it.

Most of the candidates of the small parties accepted Zedillo's invitation to hold a new public debate over their presidential proposals. Diego Fernandez de Cevallos turned down the invitation but later said he would think about it.

[Begin Fernandez de Cevallos recording] I have said I believe it is improper to gather the nine candidates at the same place at the same time, however, my secretary general told me, using a phrase that has become famous and that has been used by presidents: I only ask you not to be fearful. [Solo les pido que no se hagan bolas]. [end recording]

Alvaro Perez Trevino, presidential candidate for the Authentic Party of the Mexican Revolution, accepted the invitation, but said the only drawback would be if the debate were used to attack another candidate.

Jorge Gonzalez Torres, presidential candidate for the Green Ecologist Party, said the debate represents a point of hope for democracy which is demanded by the Mexican people.

Cecilia Soto, candidate for the Labor Party, said she is ready for the debate.

[Begin Soto recording] I understand it is a ratification of his 12 May proposal to hold a debate. I am ready to hold a debate, tonight if necessary. [end recording]

Rafael Aguilar Talamantes from the Cardenist Front for National Reconstruction Party, accepted the debate and designated a representative for the negotiations prior to the talks.

Pablo Emilio Madero, candidate from the National Opposition Union, said a civilized step forward in Mexican democracy depends on the confrontation of government programs.

Marcela Lombardo from the Popular Socialist Party confirmed her participation in the debate as long as it is a display of proposals, projects, and possible solutions to the country's problems.

Cardenas Accepts Zedillo Invitation

PA2805140994 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 27 May 94

[From the "Early Morning" newscast]

[Text] Cuauhtemoc Cardenas, presidential candidate for the Party of the Democratic Revolution [PRD], said he accepts Ernesto Zedillo's invitation to hold a debate, but he insists that the initiative to hold a debate is his.

[Begin Cardenas recording] The candidate for the ruling party made a new invitation to the other candidates to participate in a debate of nine. The candidate for the ruling party seems to forget or does not want to listen to the other invitations made by other candidates, including myself, to hold a first debate among nine candidates. We hope it is not the only debate. The debates must not be regulated by the interest of the ruling candidate. It is time for the nine candidates, through their representatives, to reach an agreement on this next debate, but also on the other debates we may hold before 21 August.

I understand there should be at least three more debates among all candidates before 21 August. We also hope to hold debates among pairs of candidates. We hope all candidates can begin discussing this. It is not something the government or the Institutional Revolutionary Party candidate has to impose on us. It is something the candidates must agree upon amongst ourselves. We also have to reach agreements regarding the handling of the media following the debates, especially Televisa, Television Azteca, and Multivision. They should give all candidates the same opportunities to participate in what we may call a postdebate. This time should not be used as an opportunity to favor one or a few candidates to the detriment of the other candidates. These are the guidelines my representatives will be suggesting to the other candidates so that we can all reach an agreement and hold several debates before 21 August. [end recording]

Private Sector Lists Plans To Increase Exports

PA2705234694 Mexico City EL FINANCIERO in Spanish 24 May 94 p 1-20

[Report by Lucia Domville and Jose Luis Gaona]

[Text] Mexico will become an exporting power in the next few years and will be able to take advantage of trade agreements only if a series of measures are incorporated into the government program for the next six-year period.

Presidents of business organizations and exporting firms are proposing a package of measures to overcome problems of infrastructure and bureaucracy that are afflicting the enterprises. These measures include:

- To establish a single 3.4-percent sales tax and eliminate other taxes.
- To reduce financing costs and eliminate financial intermediation for exporters.
- To privatize the country's railroads and ports.
- To extend the deadline for the construction of roads.
- To put together a catalog and distribute it among exporters to take advantage of the opportunities offered by international businesses.
- To improve the quality of export products.
- To stop at the border foreign products that are subsidized or that enter the country with prices that are below their cost to produce.
- To create a single document to process export documents.
- To integrate productive chains so that the country will export final products instead of intermediary parts.

According to research conducted by EL FINANCIERO among leaders of the business sector, Mexican businessmen face many barriers in their effort to compete abroad. Too much bureaucracy, administrative incapacity, scarce knowledge about trade agreements and business opportunities, the lack of access to low-cost financing, and poor infrastructure make foreign trade a difficult task that only a few businesses can challenge.

Private sector sources noted that a program to develop trade in the next six-year term is needed if the objectives are to take advantage of international commercial negotiations and to increase the flow of foreign exchange for the country in order to balance the trade deficit.

Mexico already has a basis to increase its exports, however, it lacks a specific support program and the difficult economic situation a large number of firms are going through, make it difficult to reduce the trade deficit with the United States.

According to figures released by the private sector, Mexico's trade has increased, especially with the United States. Seventy-five percent of Mexican products are exported to the United States. Trade between these two countries totalled $26 billion in 1986 and in 1993 it was $82 billion which represents an annual growth of $8

billion in market value. It is estimated that with NAFTA and a good dissemination of market opportunities, however, trade with the United States could be accelerated and increased, in the medium term, by between $15 billion and $20 billion per year.

The sources that were consulted noted that the macroeconomic and legal conditions (agreements and commercial treaties) are present for Mexico to increase its exports by more than 24 percent. They added that what needs to be done and what should be done by the next government is to increase support for small and medium businessmen, which are the ones with the greatest export potential.

The private sector's proposals include the modernization of the tax collection system through a "single tax" so that businessmen will not be hindered by the red tape and, at the same time, will not become victims of a single inspector. Over two years ago, U.S. tax experts presented this single tax idea to the Finance and Public Credit Secretariat. It is a tax that works the same way as the value-added tax and they guaranteed that it would not drop but increase tax revenues. The proposal suggests that the single tax be set at 12 to 14 percent or between 3 and 4 percent over sales. The advantage is that the 2-percent tax on assets, the 34 percent income tax, the 5-percent Institute of the National Housing Fund for Workers tax, the 2-percent educational tax, the 2-percent Retirement Savings System tax, and the 1-percent Federal District tax would disappear thus simplifying the paperwork businessmen have to do. The flexibility proposed for these enterprises would not affect any of the macroeconomic variables attained during Salinas' six-year period.

They said the fiscal surplus must be used to activate the economy because, with liquidity, the businesses can buy supplies to make their export products. Lowering the cost of financing is another point they highlighted. Private sector members complained that high-cost financing affects their costs and eliminates their possibilities to export. Consequently, they propose the channeling of soft loans without intermediation.

According to private sector sources, the dissemination of market opportunities and the promotion of an exporting culture are part of the package to foment foreign trade.

A greater deregulation will increase private investment in the development of the country's infrastructure. Deficiencies in transportation make goods more expensive, therefore, the business sector proposes the privatization of railroads and ports, as well as the extension of deadlines for the construction of roads.

With regard to a single document, it suggested that the government create this prerequisite and eliminate all others and if exporters fail to tell the truth in it, an exemplary form of punishment must be implemented. The private sector sources concluded that Mexico will have its export boom when businessmen engage in the terminal industry [industria terminal].

Agriculture Secretary on Projects With Cuba, Japan

PA2805025594 Mexico City NOTIMEX in Spanish 1529 GMT 26 May 94

[Text] Mexico City, 26 May (NOTIMEX)—Mexican Secretary of Agriculture Carlos Hank Gonzalez and the Cuban and Japanese ambassadors here have discussed several joint scientific and technological exchange projects in the field of agriculture.

During an interview with Cuban Ambassador Abelardo Curbelo, the Mexican official expressed Mexico's willingness to establish and expand technical and scientific relations throughout the continent. As an example of this, he highlighted Mexico's contribution of technological methods used in the production of corn, wheat, tubers, and vegetables, among other types of crops, which are not in use in several other countries.

Curbelo said the Cuban Government was pleased with the progress achieved in its trade activities with Mexico. He proposed extending this exchange to include genetic studies for improving basic grain seeds and vegetable oil crops, as well as several species of cattle. He also stressed the Cuban farmers' interest in learning about new methods of controlling agricultural pests and disease, currently in use in Mexico. The Cuban official offered to transfer sugar cane farming and production technology developed by his country to Mexico in exchange.

Hank Gonzalez also spoke with Japanese Ambassador Mitsuro Donokawi. They discussed the new conditions of the world market and the need to increase bilateral relations to ensure a fair and balanced commercial system. They also examined the cooperation programs currently being channeled through the Japanese International Cooperation Agency (JICA). The JICA is in charge of administrating the Japanese Government's resources and the development areas it supports in its beneficiary nations.

Furthermore, they evaluated three projects that are already under way. The first of these projects is a five-year agricultural development program for the mining communities in the dry desert regions of Guerrero Negro, Baja California. The second project is called Basic Silkworm Breeding Technology, which deals with silkworm breeding and collection techniques. This knowledge is currently applied in several states across the country and will receive $950,000 over five years. The third of these beneficiary programs is the production technology improvement plan for small-scale rice growers. This plan is now being applied in Morelos State.

The officials exchanged points of view on another nine projects currently under evaluation for future implementation. An agricultural modernization plan, a reconversion study for Tapachula, an agricultural equipment and machinery test and evaluation center, and residual

waters recycling and usage techniques for more efficient irrigation are some of the more significant topics being discussed.

Ex-Official: Drug Trafficking Permeates Institutions

PA2905024194 Madrid EFE in Spanish 1302 GMT 28 May 94

[By Julian Rodriguez Marin]

[Text] Mexico City, 28 May (EFE)—Drug trafficking has permeated all Mexican political structures and has corrupted federal, state, and municipal officials who commercialize the application of justice, Eduardo Valle, who resigned from the post of adviser to the attorney general for this reason, has told EFE.

When asked by EFE if he is afraid that drug traffickers might make an attempt on his life for making these accusations, he answered: "If they want to kill you, they will. I walk around without protection, without bullet-proof vests or bodyguards."

The Attorney General's Office (PGR) was able to obtain the most complete information on drug trafficking in Mexico, but it was unable to eradicate drug trafficking because government structures at all levels are corrupted by drug money, the former adviser said.

"Narcopower" has deformed the economy; it is a cancer that has generated economic, financial, and political dependence, which instead of producing goods has created serious problems and distortions ultimately affecting honest businessmen, Valle said.

"The struggle against drug trafficking is a problem like physics; there is no absolute vacuum, when one group is eliminated another immediately takes its place," he affirmed.

"Narcopower" has permeated the political structure; the three most important drug trafficking groups—the groups of Amado Carrillo, Arellano Felix, and Juan Garcia Abrego—which are accused of approximately 35 killings and about 200 murders, have a bearing on the main decisions of the country, the former adviser revealed.

Eduardo Valle, who was a leader in the 1968 student movement and in the Mexican Workers Party, said no one can knowingly sponsor an initiative against drug trafficking because if he does, he will die.

Valle, known in political circles by his student nickname, "El Buho," explained he will leave the PGR without any protection. He has been a federal deputy and president of the Union of Democratic Journalists.

"Neither bullet-proof vests nor several bodyguards; my only protection is my fellow journalists," Valle remarked. "I came to the PGR committed to fighting against drug trafficking. Regrettably, I was criticized for that decision, but they must know the problem is not where you are, but what do you do, how committed you are," Valle added.

"I came to fight without hesitation against drug trafficking networks, and I am leaving because it is impossible to eradicate these groups, since they have infiltrated all sectors," Valle asserted. He added it would be suicidal and a massacre would occur if there were an attempt to try and enter the domains of the mafia without the support of all police forces.

Valle said at least 10 drug cartels are operating in Mexico, although the most important ones are three that maintain ties with the Cali Cartel (Colombia) and the incipient Peru Cartel. These organizations handle thousands of millions of dollars.

The Arellano Felix organization has links to the most important drug trafficking mafias in the world, with Europe, and with the group of Asian nations called the "golden triangle of drug trafficking" (Thailand, Cambodia, and Burma), Valle noted.

Drug trafficking organizations have employed government officials at all levels, representatives of the legislative and judiciary branches, and representatives of Mexican security forces, Valle expressed.

During the "golden period," between 1988 and 1989, the Matamoros Cartel led by Juan Garcia Abrego introduced six tons of cocaine weekly into the United States. It is estimated over 100 tons were introduced annually.

The Matamoros Cartel security chief is former Navy officer Rafael Olvera, "El Rafles," who heads a small army of 70 well-equipped and well-armed men.

Pedro Aspe Armella, Mexico's secretary of finance and public credit, has admitted while in the United States that the influence of drug trafficking is in all structures of political and social life in Mexico. "And the secretary came up short because drug trafficking not only infiltrates the federal government, but also state and municipal governments as well as national legislative, executive, and judicial branches," the former adviser remarked.

Drug trafficking groups in Mexico have grown and handle not only tons of cocaine, but also hundreds of tons of marijuana that are planted throughout the country.

Valle regretted that the presidential candidates have not properly addressed this cancer and have not presented a political project proposing an all-out war against drug trafficking. So far only church representatives have demanded an all-out struggle against drug trafficking.

Roundup of Economic Developments

PA0106003194

[Editorial Report] The following is a compilation of reports on economic developments monitored through 31 May.

Preliminary forecasts by the National Foreign Trade Council show that Mexican exports to the United States reached $4.5 billion in April, a 6-percent increase over exports in March. (Mexico City EL FINANCIERO in Spanish 24 May 94 p 22)

The Finance and Public Credit Secretariat has reported that from 1990 to date, Mexico's public foreign debt has negatively affected the international exchange of the dollar as compared with other currencies. The report adds that in the first three months of 1994 the balance of Mexico's foreign debt rose to $1.116 billion. (Mexico City EL FINANCIERO in Spanish 25 May 94 pp 1, 4, 3A)

Francisco Rojas, director of Mexican Petroleum (PEMEX), has announced that a huge oil deposit has been discovered in the Jujo-Tecominoacan field, Tabasco State, with reserves estimated at 431 million barrels of crude oil. Rojas also reported that PEMEX will launch the Olmeca Project which is designed to increase the utilization of light crude reserves from the Mezozoico Chiapas- Tabasco deposits. He added that the development of the Caan, Ek-Balam, and Taruntunich fields will produce revenues of $1.3 billion, which will allow PEMEX to fully recover all of its 1993 and 1994 investments. (Mexico City LA JORNADA in Spanish 25 May 94 pp 1, 52)

EL FINANCIERO has conducted some economic research that shows Mexico does not have the capacity to retain foreign reinvestments aimed at increasing productivity because profits sent abroad amount to $1.41 billion, which is 25 percent higher than last year's figure. (Mexico City EL FINANCIERO in Spanish 25 May 94 pp 1, 4, 3A)

Finance and Public Credit Minister Pedro Aspe Armella has reported that although jobs have increased at assembly plants and commercial establishments, the number of workers registered with the Mexican Social Security Institute has decreased 1.3 percent over the first three months of 1994. Aspe added that the unemployment rate during the same period is the highest in the past six years. He explained that the unemployment rate was 3.8 percent in January, 3.7 percent in February, and 3.6 percent in March. (Mexico City EL FINANCIERO in Spanish 27 May 94 p 25)

Victor Manuel Terrones Lopez, president of National Association of Processing Industry, has stated that the Mexican private sector will not give into pressure from U.S. industrialists and farmers who want Mexico to expedite the lifting of tariffs on various products under NAFTA. Terrones Lopez pointed out that the U.S. industrialists and farmers have prepared a list that would place Mexico at a disadvantage. The list contains food, chemical, plastic, and manufactured products. (Mexico City Radio ACIR Network in Spanish 0000 GMT 27 May 94)

The World Bank has granted loans for $80 million to support educational programs in Mexico over the next five years, according to a spokesman for the World Bank. (Mexico City NOTIMEX in Spanish 2155 GMT 27 May 94)

On 27 May, PEMEX reported that Mexico had exported 1,338,900 barrels of crude oil per day during the first three months of the year. The oil went to Europe, the Far East, and the United States. (Paris AFP in Spanish 0029 GMT 28 May 94)

The Inter-American Development Bank (IDB) has granted Mexico a $150 million credit for development projects connected with Cancun's recreational and tourism facilities. (Mexico City NOTIMEX in Spanish 0259 GMT 28 May 94)

A study prepared by the National Bank of Mexico (BANAMEX) points out that the private sector's level of indebtedness with the banking system has become an obstacle for overall economic growth. The report describes statements by some experts who predict there will be economic growth of more than 3 percent in 1994 as "exaggerated optimism." The BANAMEX study adds that 1994's economic growth will be approximately 2 percent. (Mexico City LA JORNADA in Spanish 30 May 94 p 53)

Guatemala

Bombs Rock Capital Before Peace Talks Resume

PA0106044394 Mexico City NOTIMEX in Spanish 0416 GMT 1 Jun 94

[Text] Guatemala City, 31 May (NOTIMEX)—Unidentified individuals tonight detonated two bombs in different places in Guatemala City, according to the volunteer fire department.

The fire department chief, Emilio Najera, told NOTIMEX that one of the bombs exploded in front of the home of the brother of Monsignor Rodolfo Quezada Toruno, bishop of Zacapa and the former mediator in negotiations between the government and the guerrillas. The second bomb went off at Climat, a store located in the exclusive Zone 9 of this capital.

Firemen did not specify the type of explosives used in the attacks, both of which caused considerable damage but no casualties. The attacks were carried out on the Day of Constitutionality, just 24 hours before the peace talks between the government and the Guatemalan National Revolutionary Unity (URNG) are due to resume in Mexico.

Honduras

Reina Discusses Strikes, Other Issues

PA0106035394 Tegucigalpa Voz de Honduras Network Spanish 1604 GMT 30 May 94

[News conference by President Carlos Roberto Reina with domestic and foreign reporters and hosted by an unidentified moderator; at the Presidency in Tegucigalpa; broadcast in progress—live]

[Excerpts] [Reina] ...social sectors. For me it is always a pleasure to meet with you to discuss every aspect of the nation's problems. From the beginning, I have said this is a government that needs to constantly communicate. I do not consider this a news conference but, rather, a regular meeting with you—a friendly gathering of reporters—to review some of the issues of interest and to answer the questions you may have. I think the Tegucigalpa summit with the U.S. vice president was a total success. Its repercussions have been great. In the United States, the vice president referred to it in very eloquent and praiseworthy terms. In the OAS, he referred to Honduras with the highest esteem.

Another issue I should mention is the tourism industry—a sector in which we are, to a certain extent, facing an impasse, because of a discrepancy with the labor unions. This situation is being studied; it is under control; and the manager has been dismissed. [sentence as heard]

The situation at COHDEFOR [Honduran Corporation for Forest Development] is very simple to me. I did not personally intervene in COHDEFOR for a simple reason that agrees with our moral revolution. If a friend is involved in a particular matter, an appropriate and suitable institution should judge him. In this case, this institution was the commission that oversees COHDEFOR. The manager did not obtain one vote in his favor; seven votes were cast against him; and there were two abstentions. This was the final verdict, and, in this way, the matter was settled.

In terms of the Liberal Party deputies' letter, according to Santiago David Amador, leader of the wing that drafted the letter, there were several versions—several drafts—of this letter. If a commission reviews one of these drafts and removes two or three words—appropriate words—I consider the letter to be very proper. What is improper in politics is to provide tools to combat the government [words indistinct] the same party members. A reply will be made on each and every point presented by the deputies. In some cases they are right, while others must be debated. I will soon meet with all of the deputies, the whole cabinet, and all of my advisers—obviously, this is a considerable number of people—to completely review this government's policy.

In terms of the supply of cement, if this situation continues, we will be forced to take into consideration the opening of the borders to stabilize prices. We cannot continue to permit the flight of cement overseas, which greatly damages the nation's economy. We are going to take this into consideration within the appropriate government agencies.

The energy crisis is under control. What has occurred is that this was a very difficult situation, and we have said this from the beginning. A commission has been established to take charge of the energy crisis. We have received a letter from Jose Pozensa. I am going to ask him to meet with me, because at the end of his letter he offers his cooperation with the government. He wants this commission to be turned into an executive commission. This will have to be discussed in our efforts to confront and resolve the crisis. There are several ways to resolve this, particularly in cooperation with friendly governments, such as the governments of Mexico and China, which have offered us all of the support required by these circumstances. If this problem is resolved... [pauses] I believe that we can adequately resolve this problem—a problem the government has inherited from previous administrations.

Another sticky issue is that of the DNI [Department of National Investigation]. An impasse of sorts exists in terms of what the DNI represented and what the DIC [Department of Criminal Investigations] will be. There is a time period between June and December in which we will have to make a decision. There are two possibilities: The DIC can be placed under FUSEP [Public Security Forces], or we will have to find another alternative.

We must pay compensation to those who have worked in the DNI. The situation that brought about the appointment of the ad hoc commission was a national need, considering the irregularities that took place there. Now we are clearing up this situation. In general terms, these are the issues that are being widely discussed at this point in time.

The day before yesterday, I returned from Ceiba where I held important meetings. One of them was an open discussion on issues such as the aid the central government will give to the municipalities. We are very enthusiastic about the support and, above all else, about the joyfulness and great hope with which the people of Ceiba received this highly ethical government.

Another matter I discussed in Ceiba was the announcement that several departments have been freed from the scourge of the parasitic torsalo worm that attacks cattle. This has been a serious problem. This positive fact has generally gone by unnoticed, much like the positive fact that there is no more polio. I believe this fact is good news that should be mentioned. It is good to give the people positive news, because this helps all Hondurans have a brighter image of the nation.

On these and other issues, I am at your disposal for discussion.

[Moderator] Francisco Jiron, from Voz de Honduras.

[Jiron] A number of people are going around carrying heavy caliber weapons. Every day, the media report details of horrible crimes that take place throughout our territory. Do you not believe that, by doing away with the DNI, crime will increase, especially considering that there will be a period of time in which there are no security corps. While the new corps is being trained, this situation will continue.

How do you intend to combat this criminal wave sweeping the nation, and how are you going to confront the DNI situation, even though you have noted that former DNI officials will be paid compensation and that they will be integrated to another corps. What is going to be done in the meantime?

[Reina] Francisco, the crime rate worldwide is dreadful. One of the most violent cities in the world is Washington, and all of the federal machinery in the United States has not been able to control this situation. In San Antonio, Texas, little boys go out and test their weapons on people sitting in coffee shops. The world is sick with violence. This problem has several roots, and one of them is drugs. What must be fought is the use of drugs, and this can only be fought by making an about face, strengthening families, restoring traditional values, and having parents and children engage in dialogue. This sounds like a sermon, but, in terms of the drug problem, it is the only conclusion that the forum could arrive at.

Another problem is the culture of violence. All youngsters want to be Rambo. They want to play out violence, and, in turn, they copy the worst aspects of other societies. How can we fight this? This can be done by taking up these issues as a whole. This is what the government is for. This is what the institutions are for.

We used to criticize the DNI because it practiced torture, and we are being critical again because there will no longer be a DNI. We must create an adequate corps in the interim. We must sit down with all state organizations to finds ways to control, prevent, and punish such offenses. I do not think we can afford to have no security corps during any given period of time. We must find a solution. We must avoid having any period in which the absence of authority could cause us further damage. There are people who say: Let's return to the time of hoods and torture. This is very dangerous. It represents a cry of desperation that must be wiped out.

The social and ethical progress of a nation is always difficult. Why is this? This is because societies get used to the vices found in the cultures and counter-cultures they have nurtured. If we want to do away with human rights violations and with torture, we cannot declare that we have been defeated and that we are going to return to the past. What we must do is continue progressing. We must learn our lessons from history and strike a balance through constructive and sensible dialogue. We will not allow this period to pass without adequate security forces, because this would be very dangerous.

[Unidentified reporter] I want to take this opportunity to ask two questions. What really happened at COHDEFOR? The former manager claims he made he made a transaction or a legal transfer from a state bank to a private bank, earning more interest. How much of his dismissal was politically motivated? If it was not political, what really happened? In addition, what topics did you discuss with former President Rafael Callejas, with whom you met last week?

[Reina] [Words indistinct] to COHDEFOR's Board of Directors, which is the highest authority. I have already said this, and I will reiterate it: The case was discussed and analyzed in this forum, which is a higher authority than COHDEFOR's general manager. There was not one vote in his favor, because he never consulted the Board of Directors in implementing those transactions, those deposit transfers. I did not want to interfere. We are friends, and if I let our friendship interfere with the decision made by the relevant organization, I would be committing an abuse of power. I left the matter in their hands. They made a decision. We already have a new COHDEFOR general manager, Sandoval Corea, who is as capable and a very prestigious person.

Regarding my meeting with former President Callejas, we discussed the overall situation in the country and in the Central American region. He is a member of the Central American Parliament. We discussed all of those topics. I have wanted to prove with deeds that I do not see any Honduran as my enemy. People do not like sectarianism, but it also appears they dislike openness.

Now, people are criticizing me for talking with Callejas. I believe this criticism is unfair. I believe that two men who have had at different times directed the country should and must talk. Dr. Suazo Cordova was also invited to the dinner held before the meeting, but he was unable to attend because of reasons related to his work. I invited the former presidents in general, and my meeting with Callejas took place within that context.

[Reporter] [Words indistinct] the World Bank and the Inter-American Development Bank of increasing electricity fees by 90 percent. Second, teachers are asking for a salary increase estimated at 400 million lempiras. Will the government be able to respond to this demand? They are calling for strikes within the coming days in public schools. Third, during the last meeting you held with members of the Chamber of Commerce and Industries in Comayagua, they requested that Palmerola be made an international airport.

[Reina] Regarding an increase in electricity fees, we are amid a crisis that could become very serious for the country. It has already caused considerable damage. A special crisis commission has been appointed to address the energy issue. If this commission decides that the fees must be raised, we must accept this, because this would be part of resolving the crisis. Otherwise, we would be putting the government between the devil and the deep blue sea.

[Reporter] You have been charged with failing to solve problems and make decisions. When you do make decisions, you are accused of making the wrong ones.

[Reina] I do not think they are the wrong decisions. If it is necessary to make sacrifices, we all have to make them. As for the teachers, one bright spot is that the strike scheduled for today was temporarily suspended. What does this mean? That negotiations are being conducted with willingness to find correct, feasible solutions.

Where are we going to get the money to increase their salaries by 100 percent, as they have demanded? This salary hike requires some 800 million lempiras. I have faith that open and calm negotiations, without any closed-mindedness, will reach a compromise and permit the government to work for the teachers's good, which would be the right thing to do. We have to revise the salaries of the Honduran people in general. This will make it possible to face the crisis in a gradual, sustained manner.

As for Palmerola, the Comayagua Chamber of Commerce wants an international airport located there. The Tegucigalpa Chamber of Commerce wants the international airport built in Tegucigalpa. It is necessary to study the pros and cons to decide where the country's international airport should be located. While we do not have a good airport in the capital, we do have five international airports. We have to reshuffle all of this.

Frankly speaking, the problem has not been one of making decisions. Decisions must always be made within the context of knowing that someone will disagree. There are no ideal places or Utopias. What has been ruled out, however, is that people will illicitly profit from these decisions. This is where corruption has been at work and has prevented decisions from being made. This has been ruled out. We will soon meet with the Chambers of Commerce and all of the experts who have worked on this in order that the country can make a clear decision. There are pros and cons. The goal is to make the best decision that will benefit the country most.

[Moderator] This is President Reina's answer. Hernan Reyes Pineda of the "Opening a Breach" newscast.

[Reyes Pineda] I work for the "Opening a Breach" newscast. Few people, especially government officials, would admit that cement is being smuggled to other Central American countries. But you very plainly made this admission this morning. I wonder whether or not there will be a way to stop this. I understand that the smuggling of cement is controlled by the Armed Forces through the IPM [Military Social Security Institute]. Moreover, are you planning to open the border for the buying and selling of cement? What effect would such an opening have on the price of cement?

[Reina] You are correct in your question. Cement is being illegally sold to other countries, and our construction industry is grinding to a halt because of the cement shortage. We cannot go on like this. Whoever is doing this is doing great harm to the country.

There is a good chance that the border will be opened. If there is no other way to control such smuggling operations, we will have to do this. We can buy cement at lower prices outside the country. Nevertheless, such a dramatic measure would require the people's complete support.

[Moderator] What else would you like to ask?

[Reyes Pineda] I referred to the possibility of stopping this smuggling. I understand that the sale of cement is mostly controlled by the Armed Forces.

[Reina] We must find the source. If it is not stopped, we will open the border to lower the price of cement.

[Moderator] President Reina has just discussed the shortage of cement in the country and the possible solutions.

[Reporter] Do you think that, as the result of the moral revolution, the attorney general will have to determine in his investigation whether or not ministers, directors of autonomous institutions, and other officials in your government have filed their personal property and administrative integrity statements? It has been said that an investigation will be conducted, but only on former governments, not this one.

Also, I would like to hear your views on one other issue. A few days ago, a group of high-ranking Armed Forces officers said events of an unpredictable nature are about

to happen in the country. Finally, public employee union leaders told the media today that they have tried to talk with you in an effort to reach an understanding between the executive and state workers, but they said they have encountered a series of obstacles. What can you say about this?

[Reina] I think our demands for administrative honesty must cover everyone. There cannot be justice for one group only, or persecution through the state institutions. The administrative honesty principle must apply to previous governments, and it applies to this one as well.

As for the statements by a member of the Armed Forces, I think he should not have made them because such things are the cause of great anxiety. A bunch of nervous people could sink the entire country. I think this does not do the institution any good and it does not reflect the true situation. The current government is legitimate and enjoys great international prestige. In addition, the government is open to dialogue, seeks unity, and is handling everything honestly.

As for the state workers unions, I have not heard union members complain. The doors are open to resuming the dialogue. Sometimes it is impossible to please everyone, however.

The U.S. vice president's visit to Honduras was almost prevented because relatives of the Pronor [expansion unknown] owners began to leave the country as if a disaster was about to occur, and simply because of a conversation that would take place among a few people. In the name of the office I have assumed for the people, I have asked people not to exaggerate situations, because this could do great harm to the nation. [passage omitted including indistinct portions]

[Reporter] [Words indistinct] the institution is bankrupt. Will it get the 3 million lempiras it has requested? In addition, I understand you will fly to El Salvador tomorrow to attend the new president's installation. Are any bilateral meetings planned?

[Reina] [passage omitted] The previous government's employees in the National Social Welfare Board should not be removed, but you are right: There is not much money. Nevertheless, we have given instructions for sufficient funds to be transferred to this institution. I think this operation is already under way in an effort to avoid shutting down the institution, which has a proud background of working for the Honduran children and the Honduran people in general.

I will attend the transfer of government from President Cristiani to President Calderon Sol. Central American presidents always take advantage of such opportunities to talk. I think I will meet with UN Secretary General Butrus Butrus-Ghali, whom I met in Paris a number of years ago. He was my professor at the Sorbonne. This puts me close to this great jurist, who also wants to talk about the upcoming regional American summits, which are very important. An Ibero-American summit is to be held in Colombia this month. Then there will be a meeting in Nicaragua, and another in Tegucigalpa in October. The year concludes with the Miami summit, where we will establish an agenda that will put us in harmony with the current situation. In that agenda, and you are familiar with its topics, we have to fight drug trafficking, defend human rights and the environment, create sustainable development, put a human face on measures taken, and make the moral revolution—something they call the good government [preceding two words in English] over there. Languages are odd that way. That is the way they refer to something we call the moral revolution here.

Central Bank Head Explains Currency Guidelines

PA3005014694 Tegucigalpa Voz de Honduras Network in Spanish 1045 GMT 27 May 94

[Report by Julio Armando Valdez; all figures as heard]

[Text] Hugo Noe Pino, president of the Central Bank of Honduras [BCH], explained at a news conference his monetary plan aimed at reducing inflation and the fiscal deficit.

Asked about one of the resolutions aimed at establishing the percentage that banks, savings and loans associations, and currency exchange houses have to pay everyday to the BCH, he replied that this figure will increase from 0.50 percent to 0.100 percent; in other words, the BCH administration is authorized to handle 60-90 percent of the available foreign currency according to needs and thus avoid speculation and pressure on the Honduran currency.

Pino clarified the doubts that have arisen on this among business and commercial sectors:

[Begin Pino recording] Sincerely and unfortunately there has been a terrible misunderstanding on this decision. Why? Because the BCH sets a percentage to purchase from the banking system and for a long time this has been 30 percent. This is the rate at which the BCH has been purchasing. A week ago the BCH decided to increase the amount from 30 to 40 percent. But why did we decide to go to 40 percent? What does the BCH use this 40 percent for? First of all, it uses it to pay the foreign debt; often to pay for infrastructure and various projects that benefit society as a whole. Second, the BCH pays the oil bill—oil that not only the government uses but society as a whole. Third, in view of the imbalances we have pointed out, the BCH has the obligation to increase international reserves to strengthen the national economy. I insist, it is not true that the BCH is purchasing 50 percent of the foreign currency. Right now we are purchasing 40 percent due to Honduran society's needs. It should be clearly understood that the measures adopted by the BCH are to attend to affairs that are vital to the national economy. [end recording]

When referring to how the fiscal deficit will be reduced, which right now is at 11.2 percent, Pino explained:

[Begin Pino recording] We have told the international organizations that such a reduction is practically impossible. Right now we are negotiating an intermediate point that will also allow us to reduce the fiscal deficit, because we are unable to finance it in full—a balance between reducing the deficit and fulfilling needs such as health, education, and other programs that are definitely needed by the country. [end recording]

Hugo Noe Pino said that interest rates for BCH repeat discounts [redescuentos] will be kept at 19 percent and this rate will be reviewed quarterly. The banking cash reserve [encaje] will be set at 34 percent of the fiscal income and establish the percentage that banks, saving and loans associations, and currency exchange houses are obliged to sell foreign currency to government banks every day. Regarding the banking cash reserve Pino added:

[Begin Pino recording] The legal banking cash reserve, which is the legal percentage of deposit reserves that banks have to keep, by obligation, at the BCH, remains the same. The only thing we have done is that the 34 percent has also been applied to deposits by public institutions—in other words tax deposits, ENEE [National Enterprise for Electric Power] payments by the public through banks and savings and loans institutions, payments by the public for other services such as SANAA [National Autonomous Aqueduct and Sewage Service], and Hondutel [Honduran Telecommunications Enterprise]. This means that all we have done has been to broaden the banking cash reserve base. We have not increased it but have said, you, the banking system gentlemen have these resources and in this case these resources will also be subject to the legal banking cash reserve system. [end recording]

Regarding prohibitions that Congress may apply in the case of foreign currency auctions, Hugo Noe Pino explained:

[Begin Pino recording] The BCH, as director of foreign exchange policies, should not have such a prohibition. In the event the BCH at a given moment decides to exercise this control, it will be announced publicly in advance. I want to emphatically stress that the BCH has not decided to hold any foreign currency auctions. I want to first of all reiterate that it is not true that 50 percent is being purchased, as I have already stated; we are only purchasing 40 percent. [end recording]

Hugo Noe Pino concluded by saying that among other resolutions, the monetary program should be accompanied by other measures applied to the fiscal deficit, such as limiting banking system internal credit to the public sector to 1.11 billion lempiras and establish overall financing of about 1.36 billion lempiras. He also added that he will not resign at the first signs of rough weather and will remain in the post as BCH president as long as President Carlos Roberto Reina so desires.

Roundup of Economic Developments

PA0106042094

[Editorial Report] The following is a compilation of reports on Honduran economic developments monitored through 31 May.

The Central Bank of Honduras has ordered private banks to transfer 50 percent of the foreign exchange they receive from export transactions to the Central Bank. This measure will worsen the liquidity situation experienced by the Honduran private banks. (Hamburg DPA in Spanish 1847 GMT 25 May 94)

The Honduran Government on 26 May ordered a freeze on the price of all petroleum byproducts. The measure is aimed at ensuring that distributors do not arbitrarily increase the price of these products. The freeze will continue in effect until further notice. (Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 27 May 94 p 5)

Nicaragua

Chamorro, Costa Rica's Figueres Hold News Conference

PA0106021894

[Editorial Report] Managua Radio Nicaragua Network in Spanish at 2113 GMT on 29 May broadcasts a live relay of a 36-minute news conference by President Violeta Barrios de Chamorro and Costa Rican President Jose Figueres Olsen with unidentified reporters following a working meeting at San Juan del Sur, Nicaragua.

In her opening statement, President Chamorro discusses the topics they addressed at the meeting: "We have spoken about many things. Great concern was expressed over preventive health measures. We are going to work jointly on this. We are also going to work jointly to prevent drug trafficking and money laundering. We are also going to take steps to prevent problems on our oceans and lakes. Fishing boats will be identified to avoid problems in an attempt to prevent it from ever being said again that Nicaragua seized a small boat or that Costa Rica seized another. We do not want these problems." She adds: "There is no protocol here, because I do not think Nicaragua and Costa Rica need a protocol. What we want is brotherhood."

In his opening statement, President Figueres thanks President Chamorro for the invitation and notes the excellent relations between their two countries, adding: "We hope to continue to strengthen these relations, and, as a result of these meetings, very specific solutions will be found to eliminate within the next months and years those very small pebbles in our shoes—small problems we sometimes have had in our bilateral relations."

Explaining the issues they discussed, Figueres indicates that they dealt with social, economic, and political matters. He notes that they discussed programs against

dengue fever and the need to strengthen housing and sports programs. In terms of economics, he reports they discussed bilateral trade: "I would like to mention the challenges we are facing in bilateral relations. Of course, we talked at length about trade. The economy and agricultural ministers have been working in order that, within 45 days, we will have clear and definite mechanisms to remove the obstacles that have existed in our bilateral trade and so that we can have a more productive and simpler trade process."

Figueres states that he and Chamorro reviewed the problem of cross-border smuggling, especially the problem of cattle rustling, which has increased in recent years. He goes on to state they also discussed fishing and tourism problems, adding: "We want our ministries to find a mechanism to warn the boats of one country that they are sailing in territorial waters of the other country. The truth is that the boats are not acting with ill-intent. They are not crossing the border on purpose. We want to establish a means by which they know when they are nearing the limits of their territorial waters, and, in turn, we will no longer have the problems we are experiencing today."

In outlining the political issues they discussed, Figueres says: "We talked about border issues and the opportunities our common border provides in strengthening the ties between our countries. We discussed the operating hours of border checkpoints and decided to extend them, improving the border crossing process for Nicaraguans, Costa Ricans, and foreign tourists."

During the question and answer segment of the news conference, President Chamorro replies to a reporter's question on whether or not Nicaragua will accept the entry of Haitian refugees as the U.S. Government has requested: "As far as Nicaragua is concerned, as well as all Central Americans are concerned, we have been presented with a minor suggestion from Vice President Gore. We will decide on this. We are reviewing it in advance of our next meeting in December, and, at that time, we will announce the results of our review."

In answering the same question, President Figueres states: "In Costa Rica's case, it is a situation we still have to review with Presidency Minister Elias Soley and Foreign Minister Fernando Naranjo. I believe that Costa Rica, as a country that is always respectful of human rights, must study this carefully, and that the appropriate forum to discuss this topic is one in which all of the countries of the continent are present."

General Ortega, Costa Rican Official Hold Talks

PA2705200094 Managua Canal Cuatro Television in Spanish 0400 GMT 24 May 94

[From the "Extravision" newscast]

[Text] Army General Humberto Ortega Saavedra, commander in chief of the Sandinist People's Army [EPS], on 23 May met with Juan Diego Castro, Costa Rican government and public security minister [title as heard], and with Deputy Ministers Laura Chinchilla and Oscar Alban in San Jose. They discussed how desirable it was to sign a general agreement similar to the one signed on in Managua on 28 August 1992 between the Costa Rican Government and Public Security Ministry and the EPS.

The new agreement will allow a more efficient coordination of all border issues to better fight smuggling, drug trafficking, cattle rustling, illegal alien smuggling, and gunrunning, as well as to coordinate maritime patrols. They also agreed to increase and standardize coordination mechanisms to reinforce the operations carried out by the civil defense of the two countries, especially mutual aid and communications during natural disasters and joint maneuvers to facilitate the protection of the environment.

Relations of respect and understanding have existed between the two institutions for a long time and were made evident once more.

Resistance Leader Against Accepting Haitians

PA3105195594 Managua Radio Nicaragua Network in Spanish 30 May 94

[From the "Six O'Clock Sharp" newscast]

[Text] Nicaraguan Resistance Vice President Jose Rivas has expressed his views on the Haitians refugees that the U.S. wants Nicaragua to accept.

[Begin Rivas recording] We view the plight of the Haitians as regrettable. The Nicaraguan Government's policy is strictly for export purposes. Here in Nicaragua we are very much aware of the situation we are confronting. Here in Nicaragua more than 50 percent of the work force is unemployed. We do not believe it would be advisable for people from other countries, in this case Haiti, to come here when we cannot solve the problems of the Nicaraguan people. The government has implemented many economic plans that have not worked out. Many Nicaraguans cannot understand why. I believe that if we were to accept Haitian refugees in Nicaragua we would face situations which would be difficult to describe at this time. We do not believe Nicaragua should be a laboratory to test this type of social program. They are overlooking the real situation experienced by the Nicaraguan people. I do not believe this would be good for us and it worries us. [end recording]

President Approves Changes to Constitutional Articles

PA2805230894 Managua EL NUEVO DIARIO in Spanish 27 May 94 pp 1, 8

[Report by Edgard Barberena S.]

[Text] President Violeta Chamorro has approved and ordered the publication in the official newspaper LA

GACETA the changes to Articles 192 and 195, in compliance with an agreement reached between the Political Council of Blocs [Consejo Politico de Bancadas] and the Executive Branch, thus easing the tension in relations between the Presidency of the Republic and the Legislative Assembly.

After signing the changes, which opened the door to in-depth change of the Political Constitution through a project reached by consensus among the seven blocs, the president sent a letter to Legislative Branch leader Dr. Luis Humberto Guzman.

The essence of the presidential letter reads: "I think, however, that it is my duty as president of the Republic and chief of state to say clearly that I have reservations about the legality of these constitutional changes, because they change the procedure for guarantees established by the National Constituent Assembly that allows the regular National Assembly to enact partial changes to the Political Constitution of the Republic."

The president added that "this is why I had not yet promulgated these, because my first and most important duty and responsiblity is to comply and enforce compliance with the Constitution of the Republic."

SPEAKS OF DANGER

The president thinks that "these changes jeopardize constitutional order because they leave the Constitution unprotected and exposed to changes by the parliament as if it were a regular law." But, "aware of the need to ease tension in relations among institutions and to build understanding between these two state branches, I have proceeded to promulgate them, in the understanding that subsequent changes to the Constitution will necessarily be the product of basic political consensus, at least between the state branches, as a guarantee of the feasibility of such changes, to ensure that they receive national approval."

Finally, the president pointed out to the chief of the Legislative Branch that "for this reason I will support those changes that serve the homeland or common good above partisan interests or specific situations."

Chamorro's decision is historic because this is the first time that changes to the Basic Law have entered into force. This law was approved by the AN [National Assembly] in late 1986 and entered into force on 10 January 1987 during a ceremony at Revolution Square, where 202 articles of the Constitution were signed by Nicaraguan President Daniel Ortega.

TIMELY DECISION

Legislative sources told us yesterday evening that the presidential decision came right after the expiration of a deadline that the Executive Branch had established for the Political Council of Blocs regarding the sanctioning of the first changes to the Political Constitution.

It was reported that the package of changes to the Political Constitution that continues to be secretly held by the Political Council of Blocs will be officially presented to the Legislative Branch within two weeks, at the latest, to comply with legislative procedures, which will necessarily lead to the establishment of a "special commission to change the Political Constitution."

This "special commission" must—within a prudent period—establish a timetable for consultations on the project that will change a little over 50 percent of existing constitutional articles.

Decree Centralizes Authority for Tax Legislation

PA2705204994 Managua BARRICADA in Spanish 25 May 94 pp 1, 8

[Report by Robert Larios]

[Text] The Executive ended four years of uncertainty on tax matters in the country's economic sectors when it issued yesterday a presidential decree eliminating the discretionary power of ministries and state autonomous and decentralized entities to establish or modify taxes. Henceforth, this authority will be centralized in the Presidency.

Article one of Decree 21-94 reads: "The authority granted to ministries and autonomous and decentralized entities of the Executive Branch to establish, change, or modify any tax or to change the amounts of rates and the highest or lowest limits on corresponding fiscal fines is repealed."

Different economic segments had been demanding for a long time the elimination of the ministers' discretionary authority, and this is part of the commitments the government made with the IMF to sign the ESAF [Enhanced Structural Adjustment Facility].

Finance Minister Emilio Pereira and Eduardo Belli, deputy economy and development minister, yesterday unveiled before the local press a package of nine legal instruments that in the opinion of these officials "establish clear rules of the game to give confidence to productive sectors and allow them to grow at a faster pace than the current one."

The package includes two agreements between the Finance and the Economy and Development Ministries, two Finance Ministry agreements, and five presidential decrees, including decrees 20-94 and 21-94. The former makes it obligatory to publish in the official gazette all the executive decrees and administrative provisions on fiscal matters. The latter repeals the discretionary authorities ministers had to create, change, or modify any tax.

Decrees 22-94 and 23-94 create the Temporary Protection Tariff [Arancel Temporal de Proteccion] (ATP) and the Specific Consumption Tax [Impuesto Especifico al

Consumo] (IEC), which repeal the Selective Consumption Tax (IBS) as of 1 July. In addition, decree 24-94 establishes the tariff ceilings for imported products, based on a timetable that establishes 37 percent as the maximum amount that can charged until 1 July 1995; 35 percent, until 1 January 1996; and 32 percent, until 1 January 1997.

The ATP falls in line with the "exceptional and unequal treatment" the Central American governments granted to Nicaragua in the Guatemala Protocol and protects up to 750 kinds of products manufactured by local industries, products not produced in the country, although the established capacity to produce them exists. This holds true for products that may be produced in Nicaragua based on potential agroindustrial development.

The ceilings established are 15 percent as of 1 June 1994, 12 percent as of 1 July 1995, 10 percent as of 1 January 1996, 5 percent as of 1 January 1999, until reaching 0 percent in 2000.

According to Deputy Minister Belli, the APT will allow industrial modernization, establish "clear rules" until 2000, let industry reap the benefits of the Central American integration, and strengthen the competitive capacity of industries.

"The ATP must be viewed as something that will allow the strengthening of productive sectors and must not be translated into [higher] prices for consumers, rather into productive capacity and more capital to cope with industrial modernization and penetrate new markets," Belli noted.

In addition, the IEC eliminates the peculiarity of the "escalating" charge, which had drawn protests from merchants and industrialists. Unlike the IBS, which was paid in customs and in the sales prices, the IEC will only be paid on customs during the introduction of the imported product. The same decree establishes a special regime for imported goods of the so-called "fiscal industry," namely, sodas, liquors, and cigarettes, which will only be taxed on the sale price. The other decrees and ministerial agreements complement the aforementioned decrees.

Pereira stated the agreements are the product of consensus with the Chamber of Industry of Nicaraguan [Cain] and the Chamber of Commerce. Cadin Vice President Jaime Bengochea and Chamber of Commerce President Roberto Teran accompanied the officials during the news conference and said they felt satisfied.

"We are reaching an agreement that allows us to lay the groundwork for a tax reform that will take us into the 21st century," Pereira noted.

Finance Deputy Minister Rene Vallecillo explained that the decrees seek to "influence through taxes the level and structure of consumption to transfer resources to the productive sector by means of public investments and loans for production."

Vallecillo added that it is not that import taxes are going up, but that taxes for the import sector are being consolidated. "The idea is not to raise rates in some sectors, but the contrary, since rates on items such as home appliances, work vehicles, and farming spare parts have experienced a reduction or a restructuring," the official noted.

'Sandinist Renewal Movement' Arises Within FSLN

PA0106021794 Managua EL NUEVO DIARIO in Spanish 29 May 94 p 1

[Text] Surpassing every attendance prediction, more than 200 Sandinist cadres representing all segments of society forged ahead with what they now call the Sandinist Renewal Movement [Movimiento Renovador Sandinista] in an meeting held Friday night at the IPADE [Institute for the Development of Democracy].

Dr. Sergio Ramirez opened the meeting with an analysis of the Special Congress, stressing that programmatic views were given little attention, even though this was the primary purpose behind convening the congress.

Dr. Ramirez said that in order to save Sandinism and make it viable in future elections, the inferior leadership that was elected at the congress had to be left behind, because this kind of FSLN [Sandinist National Liberation Front] does not have the remotest possibility of influencing the rest of Nicaraguan society.

The participants marched on stage and, putting aside the topic of the authenticity of the FSLN Congress, focused on offering formulas for continuing the work of the renewal current.

They all agreed that the job had just begun and that a great deal of work remained to be done. Taking advantage of the fact that representatives from nearly every department were present, they began to outline the work that will be conducted nationwide.

Those in attendance were informed that the "purges" conducted in the congress were rejected both at home and abroad. They also learned about the widespread feelings of Sandinists who do not belong to the squalid structures and who oppose the control the conservative sector has gained over the party leadership.

Some speakers predicted the National Directorate will veer to the right in alliance with COSEP [Higher Council of Private Enterprise]. The conservative trend was revealed during a news conference held by the reelected secretary general after the congress concluded.

Commentary: FSLN Requires Change, Not Unity

94CA0113A Managua BARRICADA in Spanish 21 Apr 94 p 9

[Commentary by Carlos F. Chamorro]

[Text] To those who take a traditional approach to party politics, any possibility of renewing the program, bylaws, and leadership of the FSLN [Sandinist National Liberation Front] is subordinate to the higher objective of preserving internal unity. Under different historical circumstances, this approach, when the party was in power, enforced discipline in the FSLN, and unity set a limit on change. Now, however, when we are in the opposition, we cannot afford not to change. Unity, which is misunderstood as an end in itself, is ceasing to be a vehicle for change and is winding up as a straitjacket on thinking. This restrictive approach has given rise to the mistaken attempt to build a revolutionary party in the image and likeness of its own apparatus, but behind the back of its huge constituency. This was the predominant trend at the recent assemblies in Masaya and Leon, where the pursuit of sectarian dominance in the name of unity emerged.

The other proposal in Sandinism is to struggle for unity by bringing the FSLN and its responsibilities before society. From this perspective the challenge is not to maintain unity in the abstract but rather to adapt the party so that it brings together the majority of Sandinists who are now scattered: to unite, open up, and grow, and to design a political strategy that, from the existing spheres of power and the spheres yet to be developed in civil society, will enable us to forge alliances and broaden the involvement and influence of grassroots sectors.

We live in times of ongoing crisis. The famous ESAF is tantamount to three straight years of an explosive socioeconomic situation. Opposing the IMF's economic program requires a Sandinism that can take effective action amid the dynamics of all segments of society: peasants, unions, associations of producers and businessmen, consumers, the unemployed, women, young people, professionals, etc. It demands a party that places respect for the autonomy of social and union movements before the temptation of a vanguard to direct all struggles by remote control through a Staff. Above all, it demands a leadership that in its commitment to accompany and support the just struggles of the people, takes up before the people, the responsibility to exert its influence to do away with violent methods of struggle. Nothing has damaged Sandinism's political credibility more than its ambiguity about condemning violence.

Moreover, we are facing a crisis of credibility in all national and state political institutions, and no definite end to polarization is in sight. The greatest danger is that while Aleman's right-wing authoritarian agenda has already become an electoral option, the FSLN remains trapped in the painful process of shedding its skin.

Lessons and Options

A great deal of the shilly-shallying reflected in the current high-flown debate can be clarified in light of the recent election campaign along the Atlantic Coast and its outcome.

The elections along the coast erased Sandinism's false dichotomies in one fell swoop: Is it a revolutionary or an electoral party? Is it leftist or Social Democrat? Should it win votes or minds? Should it be an opposition party or a government partner? Should it wage a grass-roots or a congressional struggle?

The FSLN set out to be a winning electoral party, albeit without full cognizance or nationwide consistency, and it failed. It reaffirmed that elections are the only legitimate path to power (even though some still privately deny this fact) but it did not succeed in putting together a victorious strategy. And in the end, even though it was defeated, Sandinism is still struggling tenaciously to influence the composition and program of the regional governments in order to stem the influence and control of the right. There, as in the rest of the country, the Front does not want to be in the opposition forever.

There are those, however, who cling to the ideological view that the quality and political awareness of votes is more important than their number in realizing the desire for power. But if we want to attack the structural roots of poverty and social injustice, we must all acknowledge that votes do indeed add up and are decisive in setting any government program in motion.

Sandinism must become convinced that what happened in the 1990 national election must not be repeated in 1996. It is one thing to lose power and become the leading political force in a country; it would be another thing, and a catastrophic one, to lose again and become the number two or three electoral force. That would condemn the FSLN to the status of a party that repeatedly loses, a true minority party that might be very cohesive ideologically but that would be less and less able to influence the destiny of the nation and the defense of the people's interests.

This is why I feel that the FSLN's most important goal, with the backing or in spite of the Special Congress, is to lay the groundwork for a political strategy, marked by an electoral approach, to sway a majority and gain power in 1996. Only a program of renewal that can get the FSLN moving again through viable proposals to society and through a credible leadership, will be able to do this. I wonder: How else can the FSLN capture the imagination of a million new young voters in 1996?

It is altogether untrue that it is too early to place this item on the agenda. We need only acknowledge how much headway the right's platform has made to realize that we are far behind. And the only way to begin closing the gap is to place Sandinism's true options before it: not the false dilemma of unity or division, but rather the choice between renewal now and certain political defeat in 1996. There is no other way.

Suggested Improvements to FSLN Outlined

94CA0114A Managua BARRICADA in Spanish 22, 23 Apr 94

[Commentary by Oscar Rene Vargas]

[22 Apr p 11]

[Text] Four years into the Chamorro government, the characteristics of Sandinism's internal political process can be summarized as follows:

1. The results of the February 1990 elections showed that the social and grass-roots movement had entered a phase marked by the retreat of the mass movement. They also showed that the traditionally impoverished sectors and the middle class that had grown poor during the last half of the 1980's voted for change.

Four years after the elections, however, poverty has worsened and the retreat of the social movement has intensified. One of the major accomplishments of the Chamorro government is that despite the worsening of almost all social indicators, a new period marked by the rise of the grass-roots movement has not begun. The political and economic initiative remains in the hands of those who are pushing the counterreform.

Leadership and Strategy

2. Since the day after its defeat the FSLN [Sandinist National Liberation Front] has been immersed in a necessary internal debate on the tactics and strategy to be followed during the current stage of stagnation and retreat for the grass-roots movement. All factions are worried about the future of the FSLN: how to regain the political ground that it has lost and how to develop the best tactics to regain power in the 1996 elections. The crux of the disagreement is how to reassemble the political forces that became scattered after the 1990 electoral defeat into a government alternative in 1996.

3. The social and grass-roots resistance to the policies of the "neoliberal" government has been spontaneous, isolated, circumstantial, without long-term political organization and guidance.

The FSLN's political leadership has been unable to begin an internal debate that would help formulate a strategy that can coordinate and combine the various pockets of social resistance and, at the same time, place them properly in the current correlation of political forces.

A tactic must be urgently implemented to preserve the political, social, and economic clout of the progressive forces so that they can retake the political and social initiative and overcome current limitations. This means changing styles of leadership, which can be achieved only by making substantial changes in the current political leadership.

Impoverishment and the FSLN

4. The lack of a clear FSLN strategy and the frustration of most people over the Chamorro government's failure to keep any of its campaign promises have been and may remain the breeding ground for the risky, spontaneous actions of the masses. They could also turn major segments of the population into the social base of the far right, which speaks the language of populism. We must remember the example of the PLC [Constitutionalist Liberal Party] in the Atlantic Coast elections in February 1994 and the Italian elections in March 1994.

Moreover, the increased poverty among the population does not necessarily benefit the FSLN; rather, it could lead to "political apathy among major segments of the people" or become a "spearhead" for Nicaragua's far right. In order to prevent the right from capitalizing on the population's current discontent, there must be a shakeup in the FSLN leadership.

The victory of the left-wing forces favoring "democratic socialism" in Poland in the October 1993 elections was based on cutting ties to the past, maintaining discipline in the party, backing reforms to establish a flourishing economy, and reassuring voters that the party is a stable and revamped political force.

5. The strategic defeat of "real socialism," which was heavily influenced by the Stalinist political model, has ceased to be the political reference point for many FSLN activists; this has made possible the natural emergence of various factions within it.

[23 Apr p 7]

[Text] 6. We find three schools of thought in the FSLN, although they are embodied in just two organized factions:

a) Those who think that all is lost and who are feverishly seeking any way to join with the people who won the 1990 elections. They have forsaken the struggle for "democratic socialism" and, influenced by the retreat of the grassroots movement, feel that the FSLN will not regain power through elections. Owing to these factors and to opportunism, they have decided that now is the time to switch sides so that they can enjoy cushy jobs under the current government or a future one.

b) Those who think that in spite of the defeat of "real socialism" nothing has changed. They adhere to "orthodox" and "rigid" positions regarding their methods of struggle and feel that the status quo in the FSLN political leadership must be maintained at all costs. The leaders of this faction confuse short-run successes with strategic victories and replace an analysis of the real world with political rhetoric from the era of the struggle against the Somoza dictatorship or with the language that was used during the revolution, which a majority of the population rejected in the 1990 elections.

c) Those of us who acknowledge defeat are engaged in intensive self-criticism and are working to develop specific tactics that will enable us to set immediate new political goals that must be redefined in a wide-ranging, open discussion inside the FSLN. This does not mean abandoning the struggle for a more just society or setting aside the grievances about which broad segments of the population feel most strongly. We simply feel that the

FSLN must tailor its tactics to the political circumstances in which we find ourselves, and this means a shakeup if we want to return to power in 1996.

7. Because of the lack of an incisive, serious discussion and owing to the preservation of the status quo in the FSLN leadership at the 1991 Congress, we have lost the political initiative and failed to delve more deeply into the meaning of the strategic defeat in 1990. It is precisely because no political changes have been made in the FSLN leadership that an in-depth analysis of the current situation and of the role that the FSLN ought to be playing is not being conducted.

8. Some mid- and upper-level leaders have not openly accepted the failure of the Sandinist agenda in its version for the 1990's. They want to preserve anachronistic language and leaders; they refuse to accept that they do not represent the best chance for the FSLN to recapture the vote of the people.

Criteria for Renewal

9. There are two major requirements that the FSLN must fulfill in order to present a new face to the majority of the people, and both can be met at the next Special Congress:

a) Most of the members of the FSLN's next political leadership must come from the rank and file. In other words, only half of the political leadership ought to be members of the current National Directorate and National Assembly. We cannot talk about a political renewal if we merely propose a rotation of the personnel who were responsible directly or indirectly for the defeat in 1990. We are not in favor of a purge either. Some degree of historic continuity must be preserved in the FSLN, combining experience with input from new leaders who can spur new solutions and alternatives.

b) The Special Congress has a responsibility to elect not just a new and different political leadership but also a leadership that is not linked to the "pinata." We cannot promote a political renewal unless it is accompanied by an ethical and moral renewal. In other words, the new leadership cadres of the FSLN must emerge from the rank and file and not be linked to the "pinata." Unless these two minimum conditions are met, we will be jeopardizing any possibility of winning the 1996 election.

10. We must keep a cool head and not meddle in problems or involve ourselves in unnecessary political commotion. What we are proposing is a rejection of economic, political, and social improvisation. We must become standard-bearers of the policy that the privatizations must be transparent and we must call for the monitoring of CORNAP [National Corporation of the Public Sector] sales. We must aspire to once again become the moral conscience of the people.

11. Sandinism needs to rejuvenate itself, to become viable and credible. The poor need a new hope free from the stumbling blocks of the past and with a new, consistent, rectifying leadership that does not renounce its principles but is instead able to harness the mistakes of the right wing and the government in order to build a new social consensus with the people.

Editorial Views Results of Sandinist Congress

PA2805235394 Managua BARRICADA in Spanish 27 May 94 p 5

[Editorial: "Was There a Steamroller at the Congress?"]

[Text] Now that the passion that overpowered the Sandinist Special Congress has died down, one must review what went on behind the scenes.

The so-called "Majority Current" and the "Democratic Left" canceled each other out. Take, for example, the lists of 113 candidates for Sandinist Assembly membership to be elected at the Congress. Only five were registered on both lists. That does not mean that all the other candidates were militants of the other group. The two tried to attract votes to their lists, including those allegedly "without any leanings," which means they were undecided. They also tried to obtain support by including candidates in exchange for mutual support.

This way of making up the lists led some to rebel, or at least that was the case with the Democratic Left. During the period for registering nominations for the National Directorate (DN), Bayardo Altamirano registered independently. He later refused to decline in favor of Damaso Vargas, even after the names of the Sandinist Assembly were announced.

That is why there were 16 leftist candidates on the ballot.

There was basic agreement on line of thought and on the lists presented by the two tendencies. But the voters gave themselves some leeway, which led to some surprises in the final results. This explains why neither list managed to overshadow the other. Of the total 113 members elected to the Sandinist Assembly, 45 were from the national roster, of which 26 were on the Democratic Left list and 17 were on the Majority Current list. Meanwhile, two names were on both lists: Francisco Rivera and Lucio Jimenez, who is considered an "orthodox," but is known to lean toward the Majority.

There were 41 lists, of the total 68 departmental lists, registered by Democratic Left and 27 by the Majority.

Of the 15 members of the DN, 10 were on the Democratic Left list and five were in the Majority. One of the 10 leftists was a declared Majority supporter. A second was Bayardo Arce, who took no sides until the last minute when he simply threw his support to Commander Daniel Ortega.

The two most outstanding surprises were those not elected to the DN: Sergio Ramirez, the main Majority leader, and Julio Lopez, who was not elected to the Sandinist Assembly. Everybody thought Lopez was the Democratic Left's ideologist and main leader.

Another indication that the election results were unpredictable is that out of the 113 members of the Sandinist Assembly elected, 22 won more than 300 votes, but only three are Democratic Left cadres: Daniel Ortega, Tomas Borge, and Lumberto Campbell.

In addition, 17 received less than 200 votes, and out of these 12 belong to the Democratic Left, including outstanding cadres such as Felix Contreras, Emmet Lang, and union leaders Mario Quintana, Gustavo Porras, and Damaso Vargas. In fact, three of their running mates made it through the women's quota: Ruth Herrera, Janeth Chavez, and Maria Esther Solis. It does not seem then that one list had the upper hand.

The congress was full of contrasts: The Majority current had as candidate Victor Manuel Gallegos (Pedrito el Hondureno), who certainly does not represent the "renewal" and "democratic" sector.

Another contrast was that during the heat of the debates, when the Sandinist Assembly was already elected and it seemed that the Democratic Left had "crushed" the Majority, a "negotiation" was suggested for the sake of unity to choose a "balanced Directorate."

Fernando Cardenal made the proposal public and official. In practice, this would have meant negotiating a single roster ballot. The proposal came from the Majority, whose members were the biggest critics of single roster ballots during the First Congress.

Confusion came out of the Congress. It is said that Mariano Fiallos was purged even though he was one of the candidates sought the most by both trends. The truth is that he declined both candidacies because of his work with the Supreme Electoral Tribunal.

Another contrasting fact is that the Democratic Left has on its list people like Lucio Jimenez and Sandra Ramos, among whom is not only a pending legal suit but a sharp political confrontation regarding the legitimacy of property claimed by the CST [Jose Benito Escobar Sandinist Workers Federation] from the Women's Secretariat. There was also Roberto Gonzalez who competed with Lucio Jimenez for the post of CST secretary general, which also added to the polarization felt in this Congress.

There was surprise at the election of barely known or unknown Miskito Thomas Tooker, from Rio Coco, who campaigned alone and managed, without being on any list, to obtain 180 votes to represent the RAAN [Northern Atlantic Autonomous Region].

Alfredo Cesar To Lead National Democratic Party

PA3005005194 Managua LA PRENSA in Spanish 27 May 94 p 16

[Article by Ariel Montoya]

[Text] Political leaders Alfredo Cesar, Guillermo Potoy, and Luis Sanchez Sancho, yesterday disclosed during a news conference at the Intercontinental Hotel, the creation of a new political organization called the National Democratic Party (PND) [Partido Nacional Democrata].

The PND came about after the Supreme Electoral Council issued a ruling in favor of the National Council of Political Parties' decision to recognize Adolfo Jarquin as the leader of the Social Democratic Party [PSD], thereby ratifying the ousting of Cesar and Potoy. Now there are 25 political parties in the nation. Cesar said that he, as well as a group of politicians who had belonged to other parties, were forced to create one more party given the political circumstances. "We had no other choice," he said. The PND defined itself as center-right although its leaders did not rule out that persons of social-democratic ideologies could join.

Former PSD president Guillermo Potoy described this party's past role during its 15 years of existence while he recalled that it never surrendered to Sandinist plans in the past decade. He added that for some years now an interest was perceived for the PSD to change its strategy of struggle and to assume an attitude of support and favor toward the current government. "This decision was strengthened with the help of government officials—PSD members—who for personal gain have dragged us to the current circumstances," Potoy noted.

Meanwhile, Sanchez Sancho said he was participating in the PND to contribute to the finding of political stability in the country. He said that after having actively participated in the left, he is convinced that this is not the ideological alternative for solving Nicaragua's problems. Sanchez Sancho said: "The left talks about progress and it generates backwardness. It talks about rivers of milk and honey that are of blood."

BARRICADA Director Explains Paper Policy

PA2805220294 Managua BARRICADA in Spanish 27 May 94 p 11

[Commentary by Carlos F. Chamorro B., director of BARRICADA]

[Text] Both before and after the FSLN's [Sandinist National Liberation Front] Special Congress took place, secret discussions on BARRICADA's future were held in political circles. It is wrongly believed that there is an automatic correlation between the results of that public event and the fate of the program already started by this newspaper. I think this is a mistaken premise and propose an alternative viewpoint to the reader.

BARRICADA was born as the official mouthpiece of a political party, the FSLN, and functioned as as partisan institution until January 1991. After that time, when the FSLN National Directorate approved its revamping, it became an autonomous journalistic institution with democratic principles, committed to serve professional journalism so as to strengthen its influence on and

credibility with society. It autonomy as a newspaper company is regulated by its Board of Directors and Editorial Council.

All proposals for change, therefore, must proceed from the recognition that BARRICADA is not the extension of a partisan apparatus subject to redefinition along party line's but a newspaper that is becoming institutionalized and whose own dynamics constitute the main reference point for its strategy.

The newspaper that has promoted modernization of the press in Nicaragua is obligated to be in constant self-review in order to improve. It is not afraid of changes but rather promotes them, although it feels they must not be dictated behind the people's backs or exclude protagonists who make up the newspaper: its journalists, workers, assistants, etc.

An open, participatory, and public discussion of the contribution BARRICADA has been making to the overall democratization of our country is in order. Nicaraguan society as a whole, and not just one or another faction within the FSLN, has something to gain or lose, depending on the kind of changes that are introduced in this newspaper.

Based on experience, I am saying that the option to undo what has been done lacks all viability. Without meaning to exhaust the topic, for the time being I only want to focus on two points that are indispensable for BARRICADA's continued advance.

a) Sealing a commitment to the reader.

In jest and in earnest, I often tell the newspaper staff that our mission is to "not get on anyone's good side except the reader's."

That commitment to the reader, summarized in the rigorous effort to report the truth regardless of whether it helps or harms us politically, is the only thing that can ensure that BARRICADA will last as an long-term news instituiton.

A newspaper perceived as mirroring the interests of a pressure group or a faction within that group that establishes its agenda and the black holes of that agenda has no future in a democratic society, in a competitive system. It will never go beyond being a medium for the faithful. It may be formally combative but will have little effect in its mission of persuading others.

That is why we must stress with the quality of our daily work that our most important commitment—I repeat, regardless of our preferences and interests—is to the reader. It does not matter what pressures must be faced; we must defend the reader's right to be well-informed and hear independent opinions.

BARRICADA has made a lot of progress in this field. Its professional prestige and credibility constitute its greatest political asset. We are not subject to personal loyalties but to professional and ethical principles, and that should out of necessity draw us closer to the reader, producing journalism that does more good and service to the people each day.

b) National interests and democracy.

BARRICADA's basic commitment to the defense of national interests entails adopting a clear position in the face of reality, never a passive or neutral attitude.

That means placing on the national agenda serious problems like poverty, socioeconomic exclusion, ownership, and the safety of citizens, and taking sides in solving them from a standpoint that benefits the low-income majority and makes the viability of the country possible.

Real scrutiny of public and private powers demands good journalism that will marshal opinions and actions against public corruption and also oversee the proper functioning of private forces, political parties, unions, and social movements in line with the goals they have announced to society. Nobody should escape the scrutiny of the press.

Defending the common citizen and his individual rights is part of a crusade to give voice to those who have no other means of expressing themselves and does not grant concessions to the powerful and the state. Supporting just social and mass struggles is inherent to our principles.

The exercise of journalism from a democratic conviction entails as an obligation the promotion of a pluralist debate that helps eradicate the culture of violence and slurs. We cannnot fall prey to sectarian journalism.

To sow and practice dialogue, tolerance, and respect for the opinion of minorities constitutes one of the consubstantial values of democracy. But if we do not acknowledge the rise of new voices and social protagonists we will engender a debate limited to the elites.

In addition, we have an unequivocal commitment to face the lack of participation of this society without which representative democracy will always be ineffectual in finding a solution to the major national problems.

These are some of the current editorial challenges facing BARRICADA that may be summarized in a strong conviction: a profound transformation in the nation's political culture is imperative so that democracy can be truly irreversible.

Panama

PRD To Reject Amendments to Constitution

PA3005020994 Panama City LA PRENSA in Spanish 28 May 94 p 4A

[Article by Jose Quintero De Leon]

[Text] Gerardo Gonzalez, president of the Democratic Revolutionary Party, soon to be ruling party, has said that

as long as the lines followed by the party's Political Committee and National Directorate remain unchanged, they will reject the amendments being suggested to the Constitution.

In 1992, the PRD spearheaded the group that foiled the government's hopes, and in particular the Christian Democratic Party's hopes, of approving amendments to the Constitution that included the elimination of the concept of an army and almost 100 other changes.

Gonzalez said that those amendments to the Constitution were discussed months before the 1992 referendum and were rejected. Now, the Executive Branch is introducing amendments similar to those rejected in the referendum. "I personally reject what was already rejected, by vote, by our people," Gonzalez said.

When asked if his rejection contradicts what President-elect Ernesto Perez Balladares has said about these amendments, Gonzalez said that Perez' words have been misinterpreted. "It is one thing for the president-elect to say that he is interested in seeing the Constitution adjusted to eliminate all reference to the National Guard (Army) and create a law for the National Police (thus solving the lack of protection experienced by our people) and another to put something over on someone [meter gato por liebre] leaving this country a colony," Gonzalez added.

According to the PRD president, what is sought is to eliminate from the Constitution the duties that the members of the Public Force have and the duty of the Panamanian citizens to defend their country, including the protection of the Canal as well as our borders. Gonzalez explained that if an international incident should occur along our borders, incidents that could involve unconventional forces, the policemen would not be obligated to take action because their duty is restricted to maintaining public order. "The constitutional reform is clear in stating that the police will have Dobermans [former Panama Defense Force riot squad] to repress demonstrations and units to capture thieves and investigate crimes, and that is it."

In light of a suggestion presented by Legislator Milton Henriquez to form a Constituent Assembly that will completely change the Constitution, Gonzalez said "those defeated Christian Democrats are always setting little traps for the future," because a Constituent Assembly would solve nothing. Following the idea of a Constituent Assembly, Gonzalez said that a solution to the problem would be to give the next Legislative Assembly a six-month period, or as long as it needs, to act as a Constituent Assembly and make the necessary changes to the Constitution, changes that all the political forces will have agreed on.

Banking Association Head on Confidentiality

PA3105192294 Panama City LA ESTRELLA DE PANAMA in Spanish 30 May 94 p 1

[Article by A. Sanchez Belisle]

[Text] Banking confidentiality in Panama "should be redefined" to avoid the legitimate right to privacy from being used as a means to protect the laundering of money resulting from drug trafficking, Olegario Barrelier, president of the Panamanian Banking Association, has told LA ESTRELLA DE PANAMA.

"As part of the services banks offer to honest local and foreign customers, banking confidentiality should be redefined in explaining the rights banks, their employees, former employees, the National Banking Commission, and other authorities should have," Barrelier has said. He has said the National Banking Association will present specific proposals to the national government "when appropriate."

According to Barrelier, total banking secrecy in Panama, as in other countries, "does not exist." The banker has said: "We would rather say there is banking confidentiality," and he has said the legal provision on this issue "is a part of the legitimate right to privacy an individual has regarding his home, mail, telephone communications, assets, and businesses."

According to Barrelier, the proposals at the international level, particularly those coming from the United States, advocating a limitation on banking secrecy in nations "attempt to avoid" individuals or companies linked to drug trafficking that use banking services "to camouflage," through banking confidentiality, the illegal nature of their revenues.

Although the Panamanian Government has taken significant measures to avoid the dishonest use of banking services, the Panamanian Banking Association "has a great willingness to continue cooperating in the struggle against money laundering," Barrelier has said.

Education Minister Alarcon Confirms Resignation

PA3005045294 Panama City LA PRENSA in Spanish 29 May 94 p 1

[Report by Jose Otero]

[Text] Education Minister Marco Alarcon confirmed yesterday he will resign from his post to avail himself of his retirement as a teacher. He also said German Vergara, current Arnulfist Party [PA] deputy secretary general, will replace him.

Alarcon's resignation will be effective as of 1 July, when his retirement papers, currently in their final processing stage, are completed. It was also reported that Alarcon requested his vacation time, as is his right, after having been the education minister for three [number as published] years.

He took office on 1 April 1992, when he replaced Ada de Gordon, following President Guillermo Endara's ousting of the Christian Democratic Party from the government alliance. Alarcon denied that his separation from the

post of education minister is due to discrepancies with the PA or with President Endara.

Meanwhile, Vergara said he accepted the appointment to the post. The current minister recommended him, and Endara accepted the recommendation. Vergara was the secretary general of the Health Ministry, and he acquired his teaching experience in the interior.

PA Secretary General Carlos Young Adames highly praised Vergara's appointment by noting he believes in the work Vergara will embark on despite the short term he will have heading the Education Ministry.

It was also confirmed that Bolivar Armuelles will remain deputy education minister until 1 September, when the government of President-elect Ernesto Perez Balladares begins.

Endara Views Changes at Interoceanic Authority

PA3105192494 Panama City Circuito RPC Television in Spanish 2300 GMT 30 May 94

[Report by Ciro Ortega; from the "RPC Television News" newscast]

[Text] President Guillermo Endara Galimany has said the management changes at the Interoceanic Region Authority [ARI] will not affect the plans of that institution.

For Endara, Juan Blau's resignation from the post of ARI administrator will not cause a crisis in that institution.

[Begin Endara recording] You must remember the post of manager is not important in the ARI. What is important are the directors. The manager is an official who can be changed without a problem. [end recording]

Endara has said the ARI's priority is devising an action master plan for the use of the reverted areas. The president of the Republic has also commented on the structuring of a constituent assembly.

[Begin Endara recording] Henriquez' [not further identified] formula is to leave the door open so that in the future, when one wants to convene a Constituent Assembly, the future executive and legislative branches could use a special mechanism to do so without violating the Constitution; this is a great idea that I support. I did not present it, because I did not achieve a consensus among the parties that supported me back then. [end recording]

Endara has also said his administration does not want to create crises in government institutions to adversely affect the future administration of Perez Balladares. He has also ruled out irregular situations in the Social Security Fund.

[Begin Endara recording] During the coming weeks of my administration, three months, there will be many rumors and speculation. We are interested—this is very clear—in handing power over to those elected whom the people elected under the best possible conditions. [end recording]

The president explained he will not adopt important decisions during the remaining months of his administration. He concluded he will continue to carry out works and administer the government properly.

Canal Commission Unions Reject U.S. Proposal

PA2705141594 Panama City LA ESTRELLA DE PANAMA in Spanish 26 May 94 p 44

[Report by Esperanza Navarro Francois]

[Text] The Coalition of Panama Canal Commission's Labor Unions, AFL-CIO, yesterday rejected an amendment proposal presented to the U.S. Congress by President Bill Clinton to regulate Panama Canal operations administratively and financially, because they believe the proposal "threatens" worker interests.

According to Commission workers, the proposal gives absolute and total power to the Panama Canal Board of Directors by giving the Board authority to determine which federal standards will remain in effect for the Canal Commission during the transition period.

According to Commission workers, the proposal presented by the Panama Canal Board of Directors, based on a study and recommendations by the firm Arthur Anderson, "will create uncertainty and nervousness." The workers are afraid they will lose the rights they have attained with so much effort and sacrifice.

In a communique sent to the workers, the Coalition has alerted international organizations in the United States to ensure their participation in the congressional debates.

Labor Unions Seek Participation in Canal Talks

PA0106003394 Panama City EL PANAMA AMERICA in Spanish 30 May 94 p 1

[Article by Carlos Vargas]

[Text] Workers from the Coalition of Panama Canal Commission (PCC) Labor Unions have asked the U.S. Congress to allow them to participate in the debates to take place on the amendments to the law that regulates the Panama Canal, which were proposed by President Bill Clinton.

In a communique, the association of PCC workers signals that it has put on alert all its international labor union representatives in the United States to guarantee their participation in the debates that will take place in Congress regarding the proposal to modify the law that regulates the interoceanic waterway.

President Bill Clinton sent to the U.S. Congress a series of recommendations on changes to the law that regulates the Panama Canal regarding administrative and financial concerns. The goal is to allow a more efficient and harmonious transfer of the interoceanic waterway on 31 December 1999, as provided for in the treaties signed in 1977.

The communique adds that the unions that represent PCC workers were not consulted nor was their opinion requested with regard to the modification proposals.

Two Colombian Car Bombing Suspects Freed

PA2905170294 Panama City EL PANAMA AMERICA in Spanish 29 May 94 p E-16

[By Arnulfo Barroso Watson]

[Text] A source of the Judicial Technical Police (PTJ) told EL PANAMA AMERICA yesterday that due to lack of evidence the Assistant Prosecutor's Office issued a precautionary measure [medida cautelar] in favor of the two Colombians arrested Thursday on suspicion of having participated in the attack on Jewish businessman Aaron Schwartz.

According to the source, after the situation of the Colombians was studied, they were freed because there was not enough evidence against them. Nevertheless, the two Colombians, whose names we omit because of the principle of presumption of innocence, are prohibited from leaving the country. These individuals told the Assistant Prosecutor's Office they were in Panama to buy automobiles.

On Thursday, the vehicle Schwartz was driving exploded and burned on Via Italia in the Paitilla neighborhood as a result of the explosion of a grenade connected to the front wheels of the vehicle. Schwartz suffered minor injuries to his arms and feet.

The Colombians were linked to the attack after an anonymous call reported their alleged participation in the incident. According to the source, the investigations have taken a new turn after data was gathered on the professionalism needed to place the grenade and the high cost of this type of work.

Argentina

Foreign Minister To Discuss Haiti With Strobe Talbott 5 Jun

PY3105225194 Buenos Aires CLARIN in Spanish 31 May 94 p 9

[Excerpts] On 5 June Foreign Minister Guido Di Tella will meet with Strobe Talbott, second in importance at the State Department, to discuss the situation in Haiti. The meeting will take place during a break in the OAS deliberations in Belem, Brazil.

Foreign Ministry sources told CLARIN that Di Tella wants to discuss the scope of Argentina's participation in a multilateral military intervention force aimed at reestablishing democracy in Haiti, in case last week's UN resolution ordering a total naval blockade of the country fails. [passage omitted]

Apparently Di Tella would be consulted about a U.S. idea to create a police or military force with personnel from the entire continent for that eventuality. Di Tella will possibly tell Talbott whether Argentina is willing to send troops to participate in that force. Di Tella has already told CLARIN that the idea has the government's political support.

Menem Says Alfonsin 'Denied' Signing 'Pact' With Alvarez

PY3105184794 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1224 GMT 31 May 94

[Text] Buenos Aires, 31 May (NA)—President Carlos Menem announced this morning that Radical Civic Union leader Raul Alfonsin "last night denied" establishing a "pact" with Grand Front leader Carlos Chacho Alvarez to prevent the Justicialist Party from including a clause [in the constitutional reform] to allow the reelection of governors.

Menem told Radio 9.90: "We have only one pact here—the Olivos Pact," which Menem signed with Alfonsin.

The chief of state did not hide his disquiet about some headlines in Buenos Aires newspapers which report an alleged "pact" between Alfonsin and Alvarez, or on the comparison he made between Argentina and Colombia [regarding the World Soccer Cup].

Cavallo Interviewed on Economy, Chilean Ties

PY3005235094 Santiago ESTRATEGIA in Spanish 16 May 94 pp 40-43

[Interview with Economy Minister Domingo Cavallo by unidentified ESTRATEGIA reporter in Santiago, Chile; date not given]

[Text] [ESTRATEGIA] Several months after achieving the economic goals—the curbing of the inflation rate and high economic growth—established by the Menem administration, what problems still affect the Argentine economy?

[Cavallo] Of all of the strictly economic problems affecting our economy only those of the agricultural sector, prompted by low international prices, and some regional economies, mainly conducted by provincial governments, are worth mentioning. Nevertheless, we face a great challenge in social services areas such as education, health, justice and social security.

[ESTRATEGIA] What about the high unemployment rate, which is about 10 percent, and the commercial deficit, which increased by 800 percent in the first two months of the year?

[Cavallo] Our economy has been creating new jobs and increasing the labor rate at 2 percent per year, which is not bad for a country with an annual population growth of 1.3 percent per year. Despite this increase of jobs in 1993, the unemployment level increased because many women and immigrants have joined the labor force. Additionally, we had the paradox that the labor force increased by 5 percent between 1992 and 1993. Although this is a negative indicator, we believe it is also an opportunity to quickly increase our economic growth because Argentina may witness a sharp increase in the construction industry, which will absorb quite a lot of the currently idle labor. As is well-known in Chile, the key to reactivation of the construction area lies in an increase in medium and long-term savings levels. This year we are about to implement in Argentina a social security reform which will promote such savings. We hope the reactivation of the construction industry will create enough jobs to return unemployment to its normal levels.

[ESTRATEGIA] How about the commercial deficit?

[Cavallo] We experienced an increase of capital goods imports in Argentina because a large part of investments were used to purchase foreign-manufactured equipment, which I believe is very healthy for our economy. In addition, the commercial balance deficit is accompanied by an important surplus in capital in the balance of payments.

[ESTRATEGIA] When will you implement a devaluation

[Cavallo] Never! (adamant). Why should we devalue if we have a monetary system that has allowed us to achieve unprecedented stability in Latin America. Argentina has achieved a 3 percent annual inflation rate, and we have done so on the basis of a monetary system of which we are proud. We do not believe we need to devalue in order to promote exports. We believe production costs must decrease and that we must streamline and eliminate distorting taxes. In Argentina's case, a devaluation will not help exports.

It is not mandatory to use a national currency in the Argentine economy nor are there any fixed prices in

national currency. Any currency can be used in our economic system and in many cases prices are fixed in dollars. To change the value of the Argentine peso in relation to the dollar would only cause instability at the macroeconomic level and would not improve the level of Argentine exports. No one considers the government will devalue the peso in Argentina anymore.

[ESTRATEGIA] Let me change the question. Under what circumstances would you consider devaluation?

[Cavallo] Under no circumstances because it does not make any sense. (In a categorical and irritated tone)

Nobody is thinking of devaluation in Argentina. Only abroad, where people without understanding of our exchange system apply their own economic reasoning and think of devaluation. In my country nobody thinks of devaluation. This is shown by the parity between interest rates in pesos and dollars, which are nearly identical.

[ESTRATEGIA] What will happen to exporters who complain about their loss of competitiveness?

[Cavallo] We have a traditional agricultural and cattle exporting sector that is currently suffering low international prices. Our industries have always concentrated on the domestic market, producing low quality products using specifications and designs that are inappropriate for the international market; so we are currently investing in our productive capacity which must be better prepared to produce goods and services like those demanded abroad, and we are attaining this.

[ESTRATEGIA] What economic results do you expect for 1994?

[Cavallo] We expect 3 percent annual inflation, measured by the cost of living index, and about a 6 percent growth of the GDP. We expect our exports to increase by 10 percent and investments to increase by 12 percent. We expect an increase in the internal savings rate which already climbed from 14.3 percent to 16.7 percent. This year we expect to increase savings by something between 1 and 1.5 percent of the GDP.

[ESTRATEGIA] How did the increase in U.S. interest rates affect the Argentine economy, especially the stock exchange and foreign investments?

[Cavallo] It lowered the value of the private and public foreign debt long-term bonds, just like in other developing countries. In the past few weeks, however, these bonds began to recover their value. The same happened in the stock exchange: It was bearish at the beginning but has been recovering lately. We managed to launch shares in the Transportadora Gas del Sur company at a time when public share offers from other countries had to withdrawn from the market. We managed to sell all the shares we placed on the market at a price within what was expected. Shares from Argentine companies have been received well abroad.

[ESTRATEGIA] What reforms do you intend to implement to further modernize Argentine economy?

[Cavallo] Well, we still have the whole privatization and deregulation process. The fact that capital goods imports are not taxed will help increase investments, especially productive investments. We are attaining impressive results in the field of increased productivity.

[ESTRATEGIA] It is said that because of next year's elections, the government of Carlos Menem has programmed greater public spending to calm social demands. What effect will that program have on the current economic goals?

[Cavallo] President Menem has announced the enlargement of the public works program for the interior of the country but this will be done with savings on routine federal government spending. The level of public spending approved by the 1994 Budget Law is maintained. The public spending in Argentina is $49 billion and the additional public works program is $300 million. The additional public works program is being financed from savings on routine federal government spending.

[ESTRATEGIA] Are the social disturbances a threat for the Argentine political and economic stability?

[Cavallo] No. I would just say that Argentina had very few social conflicts over the last five years. Some of the disturbances, like the one in Santiago del Estero, were caused by the corruption and inefficiency of local officials who irritated the people. When a member of the economic team became the federal interventor and put order into that province, we went from losing the 3-October elections to overwhelmingly winning the 10-April elections. It is clear the disturbance was not a reaction to the social costs created by the economic adjustment but a popular reaction against the corruption and inefficiency of local officials who used obsolete political ways which the people no longer want.

[ESTRATEGIA] The resurgence of the left in the April elections was interpreted in some circles as punishment for the government as a result of the political and social cost of the Convertibility Plan. What is your opinion?

[Cavallo] There is no indication that the emergence of the left was related to the political and social costs of the Convertibility Plan. The left was positive toward the economic reform and centered its electoral campaign against corruption. I believe the left received votes from other parties in the April elections. It received the support from people who were against the agreement between President Menem and ex-President Raul Alfonsin. When it comes to electing a government in Argentina, the votes from the Radical Civic Union and other political sectors that went to the left will return to their parties.

[ESTRATEGIA] People are already beginning to talk about the second phase of the Convertibility Plan in your country. What are the measures of that phase?

[Cavallo] As part of the Argentine economic reform plan, we are now progressing on issues like health, education, justice, security, labor, culture, and especially in the reform of the provincial and municipal public sector. These are phases of the same economic plan which must gradually cover a diversified group of economic and social activities, and which must be extended to all government levels. This is nothing new, it is the same plan extending its geographic area and institutional coverage.

[ESTRATEGIA] What is happening to the project to save private companies? Is there such a thing as future statization?

[Cavallo] No. We have a very bad bankruptcy law because when a company fails, all the assets, know-how [preceding word in English], patents, and human resources are lost because the judges take years to sell the assets and this makes the continuity of those companies impossible. We have established an out-of-court system in cases if the state, through the internal revenue organizations or official banks, is an important creditor of a company. So, instead of sending it into bankruptcy, the company assets are sold in a more expeditious manner. This is how we hope to keep companies which, except for financial problems, are healthy. Like this they can recover, totally or partially, their credit balance. We are doing that because we have great experience in privatizing companies. I call this the privatization of private companies because they are companies that accumulated large debts with the state and are thus virtually state companies because their main creditor is the state. They will be privatized like this.

[ESTRATEGIA] What is happening regarding taxes in Argentina? It has been announced that taxes on real estate will be increased.

[Cavallo] We are lowering taxes. You are referring to a direct tax on real estate in some of the wealthiest districts of the federal capital, but the municipal councils will have to decide that. This has nothing to do with a tax increase that makes production costs more expensive. On this issue, we are reducing taxes like those affecting salaries—the so-called employer's contributions. We are also eliminating taxes on provincial gross incomes, which affect production costs, financial transfer costs, and contracts. We also have a policy for eliminating taxes that distort. Of course, we continue to adjust the mechanisms for tax collection to prevent evasion.

[ESTRATEGIA] In face of the resurgence of the left, and of the discontent among Argentine people because of unemployment and corruption, will Menem be reelected?

[Cavallo] I believe President Menem is leading a great process of economic transformation in Argentina, within the context of the full functioning of democratic institutions. The perception is that the public supported and continues to support this transformation. I believe there is a great chance of his being reelected in 1995.

[ESTRATEGIA] You also have great popular support. What post would you select in the new government: minister of health, Cordoba governor, vice president, or economy minister?

[Cavallo] (he laughs) I will, most probably, continue as economy minister.

[ESTRATEGIA] Do you consider yourself Menem's political heir?

[Cavallo] (laughing more heartily) No, no way. I am just the economy minister.

[ESTRATEGIA] But you are perhaps the most popular minister.

[Cavallo] I am a minister who is supported by the people, but in my capacity as economy minister. The Argentine people normally regard me as their economy minister, nothing else.

[ESTRATEGIA] Corruption is a problem that is currently affecting many countries. What is Argentina doing in this respect?

[Cavallo] Well, for the time being we are promoting economic reforms that will result in the removal of opportunities for corruption. Privatizations, deregulation, and the economic stability we are promoting are causing public decisions to come under the people's scrutiny, and are thus reducing the chances of corruption. There are, however, public and private areas where there are still opportunities for corruption, where there are both people willing to corrupt and those willing to be corrupted. These actions fall within the jurisdiction of the courts, and we in the executive branch are working—each within his area of responsibility—to identify and remove corrupt officials. The fact that the newspapers are carrying frequent reports on corruption cases testifies to the openness promoted by the Argentine political and economic system. We should take corruption charges as a positive sign, as evidence of a political and economic openness that will allow us to eradicate this scourge.

[ESTRATEGIA] What advantages does Argentina offer to foreign investors, namely Chilean investors?

[Cavallo] Chileans can use their know-how and the experience they have acquired in their process of privatization and increased production. They could also make very good profits by investing in Argentina precisely because the Argentine process of privatization and transformation of public companies is very similar to that of Chile.

[ESTRATEGIA] In which areas of the Argentine economy could new Chilean investments be made?

[Cavallo] In everything concerning energy, oil, gas, electricity, and related services, because these can also be exported to Chile. Investments could be made in everything related to agro-industries, lumber, cellulose, paper, and especially in the mining area. This because Chile has

wide experience in mining, and we could engage in joint undertakings because our mining resources are located near the Chilean border.

[ESTRATEGIA] If the award in the case of Laguna del Desierto is unfavorable to Argentina, how would this affect trade between Chile and Argentina?

[Cavallo] That subject falls within the jurisdiction of the Foreign Ministry, and only Foreign Minister Di Tella or President Menem may comment on it. Besides, I never like to answer speculative questions.

[ESTRATEGIA] What would be your evaluation of our bilateral relations?

[Cavallo] Our bilateral trade has increased. We have agreed to open mountain passes, and are conducting joint feasibility studies to build new infrastructural facilities to deepen our integration. Argentina wants to move toward promoting mutual use of our port facilities. Additionally, conditions for investments in the two countries can be improved through the signing of a mutual investment protection treaty. We are also improving our tariff structure.

[ESTRATEGIA] Do you believe Argentina stands a good chance of joining NAFTA sooner than Chile?

[Cavallo] No, I don't. Chile is closer to joining NAFTA than Argentina. Besides, my country has not yet discussed the possibility of joining NAFTA.

[ESTRATEGIA] Would you be in favor of or against Chile joining Mercosur [Common Market of the South]?

[Cavallo] I am in favor of negotiations to promote free trade between Chile and Mercosur. I would, of course, like it if Chile joined Mercosur. I realize, however, that this would not be realistic, as it would bring uncertainty into the Chilean tariff policy, an area in which your country has had much success. To do this would not make sense. It would be most practical and beneficial to everyone if we, the four Mercosur member countries on the one hand, and Chile on the other started a free trade agreement.

Yet we consider it desirable and possible for Mercosur and Chile to start negotiations to create a free trade area. In this respect, Chile could join the Mercosur member countries, in what will be our goal during the first stage of the treaty—that is, the free circulation of goods and services between our nations without any type of tariff or similar restrictions.

I think Mercosur is going to progress well. First there will be a free trade area formed by the four Mercosur member countries, and a while later we will agree on a common external tariff that will make us function as a customs union. Meanwhile, we are making progress in coordinating our economic policies, and it is our objective to succeed in creating a true common market.

Fishing Agreement Signed With UK

PY3105185594 Buenos Aires LA PRENSA in Spanish 29 May 94 p 2

[Text] The Foreign Ministry has reported that Argentina and the United Kingdom simultaneously agreed to ban, as of 1 June, the fishing of Illex squid south of parallel 43 in the South Atlantic in an effort to preserve the species.

The measure was adopted by the Agriculture, Livestock, and Fishing Secretariat based on recent studies by the National Institute for Fishing Development and Research (Inipep), with the approval of the British Government.

An analysis of Illex squid levels below latitude 43 degrees 30 minutes south emphasized the "suitability" of "preventive measures" to "maintain and preserve" the species.

The secretariat also decided "to ban for a reasonable time" the fishing of Illex Argentinius "south of parallel 43 as of 1 June" to preserve "sustainable levels."

The resolution will apply to "all Argentine and foreign-flagged ships" legally authorized to fish in Argentine waters. It adds that "the Argentine Navy will strictly observe the situation" to prevent violations.

High-ranking British Government officials told the Argentine Foreign Ministry of their decision to adopt "similar measures," also as of 1 June, once Argentina's resolution banning the fishing of squid was announced.

Diplomatic sources indicated that the British measure is based on a 1990 joint Argentine-British declaration on the preservation of fishing resources ratified in November 1993.

The Argentine-British coincidence to ban the fishing of Illex squid comes just a few days before the eighth meeting of the Bilateral Commission on South Atlantic Fishing in London on 6 and 7 June.

Paraguayan, Uruguayan Requests for Compensation Rejected

PY0106014894 Buenos Aires CLARIN in Spanish 31 May 94 p 16

[Report by Miguel Angel Rouco]

[Text] Argentina will reject the Paraguayan request for additional financial compensation to pay for damage caused by the filling of the Yacyreta dam. A similar position will be assumed with respect to the Uruguayan Government request that Argentina assume a greater portion of the cost for construction of the Martin Garcia channel project.

The government made this decision following a meeting between Economy Minister Domingo Cavallo and Foreign Minister Guido Di Tella.

During the meeting both ministers established the groundwork for future negotiations with both countries to prevent further economic damage against Argentina.

A spokesman said: "Negotiations will be difficult, particularly considering the construction schedule for both public works."

This schedule provides for the Argentine-Paraguayan hydroelectric power plant to start operating on 1 September. Ten days ago Paraguayan President Juan Carlos Wasmosy warned that the filling of the dam reservoir would be delayed until the issue of expropriations and the relocation of people living on the Paraguayan side are resolved. The area scheduled to be flooded on the Paraguayan side involves some 40,000 hectares of poor land, but with some settlements.

According to the Argentine Foreign Ministry, the problem must be resolved by the Yacyreta Binational Entity (EBY), which must provide more funds to compensate Paraguayan settlers. "Those lands are probably owned by people close to the Paraguayan Government, and not by simple settlers. This is probably why there is so much interest in Asuncion in modifying the mechanism for compensation."

On the other front, Uruguay wants Argentina to pay two-thirds of the total cost of the Martin Garcia Channel dredging, maintenance, and sign posting, while Uruguay pays the remaining one-third.

"This demand is inadmissible, because both countries will benefit equally from the project. The decision to navigate through the Emilio Mitre Channel or the Martin Garcia Channel is one of cost. Surely those using the Martin Garcia Channel will dock at Uruguayan ports. In the end the benefit will be for both countries, and thus our position is that each country must pay half of the total cost," Transport Secretary Edmundo Soria said.

The dredging of the Martin Garcia Channel will have an initial cost of more than $100 million. The channel will permit the passage of ships having up to 32 feet in draught, which means that ocean ships will be able to enter the channel. Maintaining the channel will cost some $25 million annually.

Bolivia

Army Commander Justifies Military Movements in Chapare

PY3005232294 La Paz PRESENCIA in Spanish 21 May 94 p 7

[Text] Army Commander General Reynaldo Caceres said yesterday that the military units deployed in the Chapare region are only carrying out their constitutional mission of watching over the country's internal security. He made clear that he did not authorize any large deployment, as had been reported by some peasant leaders over the last few days.

He said that the social situation in that conflictive coca growing region requires that the institutions in charge of guaranteeing public security take the necessary measures to fulfill their objective.

Gen. Caceres told PRESENCIA: "I don't know why they are making a fuss out of some military movements there. I am the one who gives the orders for the Army to move, and I have not given any orders in that sense. There are some things, however, that should be investigated, but this is a military matter."

He said that military deployment anywhere in the country is fully supported by the Constitution, and that such action seeks only to preserve the constitutional guarantees of the Bolivian people.

Asked about the official who ordered the military deployment in the tropical region of Cochabamba, Gen. Caceres said: "We don't need to ask permission of anyone, because to fulfill our mission effectively we need to move throughout the entire national territory. We do that constantly and routinely, and there is no reason why the public should be alarmed. Our presence anywhere should not be reason for alarm."

He noted: "The Constitution clearly determines the mission of the Armed Forces, and we only fulfill that mission."

Armed Forces Commander General Fernando Sanjines corroborated the comments made by Gen. Caceres, saying: "Of course the Armed Forces can be in any place at any time, like all the people, but basically there is no military deployment, and no order was given in that regard."

On 19 May Social Defense Secretary Mario Soliz said that the intelligence services of the Special Antinarcotics Force (FELCN) found indications of the presence in the Chapare region of people linked to international drug trafficking, and that they are reportedly encouraging the formation of armed irregular groups in their service.

In this regard the Army commander said this possibility should not be dismissed, and admitted that the Army intelligence services are evaluating the preliminary intelligence reports.

Gen. Caceres said: "Nothing should be dismissed, as such indications do exist, which is why we should evaluate and investigate the reports. We cannot dismiss anything."

National Police Chief Supports Patrols

PY3105001894 La Paz PRESENCIA in Spanish 21 May 94 p 7

[Text] National Police Commander General Luis Rocha said yesterday that his institution supports the military

patrols being carried out in the Chapare region since early this week in accordance with constitutional regulations.

Rocha said: "The Armed Forces belong to the nation, and they have the constitutional right to be wherever they want to be in accordance with their needs."

He said, however, that this does not mean that the Special Antinarcotics Force (FELCN) is not capable to keeping order in the conflictive region of Chapare, in Cochabamba Department.

Asked about the alleged formation of irregular groups financed by drug trafficking, General Rocha said that the police intelligence services have not confirmed their presence, but that the situation is being investigated because of the latent threat of criminal groups linked to drug trafficking.

He also indicated that the investigation is being carried out jointly with Army intelligence. Answering reporters, Rocha said: "All the actions are of course being coordinated with the Armed Forces."

He added that the current situation does not demand an increase in the FELCN presence in the Chapare. On the contrary, he said, there are enough agents there to maintain control over any possible conflict.

Coca Growers Reject Industrialization Decree

PY3005220694 La Paz Television Nacional Network in Spanish 1700 GMT 30 May 94

[Text] According to Minister of Government German Quiroga, coca growers are using the industrialization of the coca leaf as a pretext for freely marketing this product, in many cases with illegal purposes.

The coca growers reject the [industrialization] decree because it not only restricts the industrialization of coca leaf in traditional zones—that is, in Yungas in La Paz—but also because Article No. 2 states ambiguously that coca leaf is penalized in Bolivia.

Minister Quiroga asserts that the article is not ambiguous.

[Begin Quiroga recording] Coca leaf is penalized by Law No. 1008. [end recording]

According to Law No. 1008 the production of coca leaf is penalized. According to Article No. 8 of this law, there are three regions: The Yungas zone in La Paz is the traditional production zone; the Chapare zone in Cochabamba is the transition surplus production zone; and the illegal production zone entails the whole of Bolivian territory with the exception of the two aforementioned zones.

[Begin Quiroga recording] There are coca growers who want to be completely free to transport it from one place to another, to transfer it under the pretext of industrializing it. I told the coca growers that if we are successful with the regulation for industrialization in the Yungas zone, and if we run short of raw materials, then we would take the next step, and immediately authorize its industrialization in Chapare. But they do not accept this, they want everything. [end recording]

The coca growers have announced pressure measures if the government does not modify the decree after the COB [Bolivian Labor Federation] congress.

The government has asserted that there is nothing to modify, as this legal tool is the result of consensus and coinciding points of view.

Court Justices' Impeachment Suspended by Congressional Recess

PY0106032694 La Paz Television Nacional Network in Spanish 0100 GMT 1 Jun 94

[Excerpt] The Senate has suspended the impeachment of [Supreme Court Justices] Edgar Oblitas and Ernesto Pope.

Senate President Juan Carlos Duran has stated that the impeachment was suspended in compliance with a decision by the Congress stating that the two houses cannot work separately. A few days ago the Chamber of Deputies declared a recess until 6 June, and the Senate had to follow suit and thus suspend the impeachment process. [passage omitted]

French Official Signs Aid Agreements, Ends Visit

PY3005224494 La Paz PRESENCIA in Spanish 22 May 94 p 7

[Text] Upon ending his official visit to the country, Bertrand Dufourcq, French vice foreign minister [title as published], said last night that relations and the financial, scientific, and cultural cooperation with Bolivia are positive and on the right path.

Within that framework, Dufourcq said that agreements and protocols for financial aid in various fields were also signed.

Dufourcq said that his country "would be very pleased to support the Bolivian request to negotiate its foreign debt before the Paris Club," as France presides over this financial organization.

He also noted that annual French aid to Bolivia amounts to approximately $30 million, in addition to indirect help in the form of the $8 million France contributes to the European Union for aid.

Dufourcq indicated that Bolivian officials asked for greater French aid in some sectors, and specifically in the civil service program for training state employees.

Regarding the financial protocols, the agreement that was signed involves 45 million French francs for the Cochabamba water system.

France will also support the construction of a cable railway from La Paz to El Alto, and will donate 5 million francs for an aeronautics plan. In addition $50,000 will be appropriated for the purchase of medicine to fight leishmaniasis.

Dufourcq also said: "France is willing to negotiate new agreements with Bolivia."

Dufourcq also signed two agreements with the Bolivian Government. One is a cooperation agreement with the National Police, which will receive technical equipment and a computer system. The other agreement refers to the cultural and scientific area, by which French experts and scientists will provide their know-how for the development of Bolivia.

Occurrence of Nationwide Epidemics Highlighted

94WE0270A La Paz HOY in Spanish 25 Apr 94 p 6

[Text] Vector transmitted diseases cover more than two-thirds of the nation's territory with their threatening presence, and most of the population is exposed to contagion.

Malaria, yaws, yellow fever, hemorrhagic fever, dengue, typhus, bubonic plague, and leishmaniasis cast shadows over 75 percent of Bolivia's territory and constitute a public health problem because of their magnitude.

Malaria: The Bites of the Anopheles

The population of the area affected by malaria, the tropical disease caused by the bite of the anopheles mosquito, is 2.7 million, and there has been an increase recently in the number afflicted due principally to a halt in fumigation.

There were 25,364 cases reported in 1989, 19,031 in 1991, 24,486 in 1992, and 12,000 in 1993.

The risk of contracting malaria is greatest in the district of Guayaramerin, where the incidence is 215 cases per 1,000 inhabitants. Here 42 percent of the known cases are due to the presence in that area of an ideal center of larval incubation.

Incidence in Pando is 42 per 1,000 inhabitants, and in Chuquisaca 10 per 1,000. The endemic zone in that department is located in Hernando Siles and Luis Calvo Provinces. The incidence of cases in Cochabamba is three per 1,000, in La Paz four per 1,000, and in Santa Cruz seven per 1,000. In the Provinces of Gran Chaco, Arce, and O'Connor in the department of Tarija, the tendency is toward stability at a high level: 30 per 1,000 inhabitants.

The fight against malaria does not seem to be very successful. In Pando recently, health authorities admitted that 200 persons had died, and the church has denounced the lack of attention to the problem by national health officials.

Yaws, a Legacy of Bugs and Poverty

There are two determining causes of the disease of yaws: the presence of the transmitting vector, which determines the endemic area, and the severe poverty in which the populace lives. This is an area which covers six departments and 25 provinces where more than a million persons live.

A program has been started to improve the precarious dwellings of mud and adobe, typical of the area. In the cracks of these huts the bugs are able to hide and find shelter from insecticides.

According to estimates of the National Secretariat of Health, there are 562,000 dwellings where bugs are almost always present, and 90 percent of these bugs carry the microorganism that causes the disease.

Human and Canine Rabies

Official figures indicate that there were only 32 cases of canine rabies during the first two months of 1994, while during the same period of 1993 there were 131 cases of canine rabies, four in felines, one in sheep, and three cases of human rabies.

There is one dog for every 10 persons in Bolivia; there are 700,000 of these animals, considered by man to be one of his best friends. The incidence of canine rabies is 19 per 1,000 dogs.

The incidence of human rabies is .39 per 1,000 inhabitants. Its presence is slight but lethal. Several years ago, Bolivia pledged to eradicate rabies completely from its nine major cities by 1990, a commitment that was not met due to the impossibility of obtaining the vaccine or the funds to acquire it.

Hemorrhagic Fever

This disease, which causes the patient's death in a few hours due to massive hemorrhaging of the conjunctive tissues and of the oral mucous membranes, profuse nasal hemorrhaging, and even hemorrhaging through the skin, first appeared in 1959. The endemic area is entirely within the department of Pando.

The pathogenic agent is the Machupo virus, carried by the callomis callosus rat.

Until 1975, sporadic outbreaks occurred that were characterized by a high degree of mortality.

No cases were reported between 1976 and 1992. Recently, a reported new outbreak of five cases sounded the alarm for the population of Pando, but so far the analyses do not show that this dangerous disease is involved.

The disease is endemic in areas bordering the Machupo and Negro Rivers, and in areas adjacent to the settlements of San Ramon and San Joaquin, where an ecological imbalance has occurred due to excessive hunting of felines, which has permitted the rodents to multiply.

Leishmaniasis, 1 Million Persons Within Its Reach

This disease is endemic to the tropical and subtropical zones of La Paz, Cochabamba, Santa Cruz, and Pando, and it infects 4,500 persons, according to the latest statistics of the Directorate of Epidemiology.

Almost a million persons run the risk of contracting this illness, a deforming disease similar to leprosy that destroys the sufferer's face.

The disease is caused by the bite of a mosquito, a blood-sucker of limited flying range that lives in tree tops in mountainous areas. The disease manifests itself in deformities of the nasal and oral mucous membranes and of the ear lobe.

The bite causes a characteristic spot with an ulceration that often heals by itself, or else continues to ulcerate. This is the first symptom of leishmaniasis, and its timely detection can help to avoid deformities.

Yellow Fever

The area endemic to yellow fever includes the country's entire eastern region, Santa Cruz, Beni, Pando, Chuquisaca, Tarija, Cochabamba, and La Paz. It covers an area of 400,000 square kilometers, 36 percent of the national area with 1.2 million inhabitants.

In 1992, there were 22 cases with 18 deaths reported.

Typhus

This disease is endemic to areas in the departments of La Paz, Potosi, and Cochabamba. In 1991, 34 cases were reported in the Province of Mizque (Cochabamba), and one in 1992. No cases have been reported since then.

Bubonic Plague

Bubonic plague has occurred in recent years only in Franz Tamayo Province (La Paz) and in areas of Santa Cruz. There was a single case in Franz Tamayo in 1989. In 1990, 10 cases were reported, two of which were fatal. No other cases have been reported since.

Brazil

Constitutional Reform Work Ends 31 May

PY0106001294 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 31 May 94

[Text] Deputies and senators have failed to report to Congress to extend the period of work on the reform of the Constitution. Only six amendments were approved in seven months of work.

The constitutional reform work ended today. The reform period was not extended, and no decision was made to start a new constitutional reform next year.

Throughout the day today, party leaders negotiated the approval of an amendment proposed by rapporteur Nelson Jobim for the creation of a mechanism to make regular constitutional amendments every 10 years. The leaders reached an agreement on the proposal, but deputies and senators did not respond to their leaders' call, and there was no quorum for approving the amendment.

Consequently, the two sessions on the last day of work of the Constituent Congress were used to make speeches lamenting its failure.

Former PSDB [Brazilian Social Democracy Party] leader Jose Serra blamed the lawmakers who abstained from participating in the debate because they did not want to commit themselves and lose votes in an electoral year.

PFL [Liberal Front Party] leader Luiz Eduardo Magalhaes said that the country is lagging behind history, and that it will have fewer jobs, fewer investment, and less competitiveness.

PSDB presidential candidate Fernando Henrique Cardoso, who attended the last session, said he will strive for a new reform next year.

Since it was installed in October 1993, the Constituent Congress managed to approve only six amendments, which will be promulgated within the next few days.

Franco's Friend To Coordinate Cardoso Campaign

PY3105132494 Sao Paulo AGENCIA ESTADO in Portuguese 0143 GMT 31 May 94

[Article by Marco Antonio Moreira]

[Text] Belo Horizonte, 30 May (AE)—Although President Itamar Franco has assured that his government will not get involved in the electoral campaign, Telerj [Rio de Janeiro Telephone Company] President Jose de Castro today announced that he will coordinate the presidential campaign of Brazilian Social Democracy Party candidate Fernando Henrique Cardoso. Telerj is a subsidiary of the state-owned company Telebras [Brazilian Telecommunications Inc.].

De Castro is a member of the "Juiz de Fora group," which comprises President Franco's closest friends. He said he will hold an executive position in Cardoso's campaign and that he will serve as permanent liaison between Franco and Cardoso.

Judge Orders Lula To Stop Using Union Sound Truck

PY2705031494 Rio de Janeiro O GLOBO in Portuguese 26 May 94 p 1

[Text] An electoral court on 25 May ordered an inquest to investigate if Luiz Inacio Lula da Silva, the Workers Party [PT] presidential candidate, violated the law when he used a sound truck from a union affiliated with the Sole Workers Center [CUT] in an election rally. Judge Alex Vilenozski ordered Lula, the PT, and the union to refrain from repeating this action and ordered the

Civilian and Military Police to prevent the use of union equipment by presidential candidates in Sao Bernardo do Campo. Lula commented on the court ruling in Rio de Janeiro.

He said: Between what is legal and what is just, I believe the latter is more important.

PT Candidate Lula Warns Speculators, Pledges Reform

PY0106011994 Sao Paulo AGENCIA ESTADO in Portuguese 2203 GMT 31 May 94

[Text] Brasilia, 31 May (AE)—At a luncheon with entrepreneurs from Brasilia and its satellite towns, Workers Party [PT] presidential candidate Luiz Inacio Lula da Silva said that some people should fear his electoral victory. These people are tax evaders, speculators, corrupt people, and large estate owners who have unproductive land.

He sent a message to speculators, warning them to be careful. He promised: "Speculators will have to invest their money in productive areas of the economy." Lula said that the current problem is that the government pretends to have a fiscal policy, and people pretend to pay taxes. "These people cheat everybody, and no one thinks about Brazil."

The PT candidate said that the country does not need big laws, but big accords. "If we have clear rules, agreed upon by the parties involved, we will be able to establish rules that will allow Brazil to grow." Lula remembers that one can only govern by ensuring credibility among social protagonists, workers, entrepreneurs, and government officials. Lula promised to implement the country's first agrarian reform and to end corruption.

Catholic Church's 'Progressive Faction' Plans Prayer Day for Lula

PY0106015194 Sao Paulo AGENCIA ESTADO in Portuguese 2107 GMT 31 May 94

[Text] Brasilia, 31 May (AE)—The so-called progressive faction of the Catholic Church will celebrate on 7 September the "National Day To Pray for Brazil—Lula for President." This faction of the church incluudes bishops such as Tomas Balduino, of Goias Velho; Pedro Casaldaliga, from Araguaia in Mato Grosso State; Augusto Rocha, of Picos in Piaui State; and Friar Leonardo Boff and Friar Betto.

During Lula's debate, which was held today within the framework of his electoral campaign, Friar Betto reported on the national pro-Lula day celebration. He said that the day will be celebrated in various forms, and in the largest possible number of parishes countrywide. He added: "There could be prayers, rosaries, marches, liturgical celebrations, and masses supporting Lula's candidacy." Lula met Brasilia and Goias State representatives of the Catholic Church.

Friar Betto said that as the Brazilian Catholic Church has decided to give preferential attention to the problems of the destitute Brazilians, it is clear that it must support someone like Lula. He said: "To support the election of a worker who was born poor is consistent with giving preferential attention to the problems of the most destitute people." The Catholic Church will celebrate the pro-Lula day on 7 September, on the anniversary of Brazilian independence.

Admiral Goulart Fortuna Nominated PSC Presidential Candidate

PY3105205994 Rio de Janeiro O GLOBO in Portuguese 28 May 94 p 10

[Text] Admiral Henrique Goulart Fortuna yesterday announced his presidential candidacy for the PSC [Social Christian Party]. His platform should please the military, in light of his proposal to increase federal budget allocations for the Armed Forces from 2.7 percent to 5 percent.

The 60-year-old admiral served as commander of the War College from 1991 until his retirement in 1993. He joined the PSC in January with the intention of running for a federal deputy seat. Because it has become impossible for the PSC to nominate Senator Jose Sarney (Brazilian Democratic Movement Party) as its presidential candidate, the PSC has decided to promote Goulart Fortuna's candidacy.

Goulart Fortuna said: "The PSC national board has entrusted me with this mission, and I have accepted."

UK Reopens Credit Guarantees for Exports to Brazil

PY0106033894 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 May 94 Section 1 p 9

[Report by Sergio Malbergier]

[Text] The British Government Export Credit Guarantee Department (ECGD) announced yesterday that it has reopened credit coverage of exports to Brazil, which had been suspended in 1983.

The measure was a consequence of Brazil's renegotiation of its foreign debt with banks and "the encouraging progress of the stabilization program," an ECGD communique says.

Michael Heseltine, secretary of state for trade and industry, said: "The resumption of the ECGD coverage of exports to Brazil will provide new opportunities for British companies."

"Brazil is the ninth largest economy in the world, and it will be even more open now that the effects of the debt crisis will begin to decrease," Heseltine said in a communique.

The coverage of credits was suspended in 1983 due to Brazil's delays in paying its debt. The coverage was resumed in 1989, but it was again suspended following new Brazilian delays with its debt.

The ECGD said that it would concentrate on covering private companies, particularly in areas that will encourage the rehabilitation of the country's economy.

Douglas Hurd, secretary of state for foreign and commonwealth affairs, visited Brazil at the beginning of April with a delegation of entrepreneurs. On that occasion he said that the United Kingdom wanted to increase economic relations between the two countries.

Roundup of Economic Reports

PY2705010494

[Editorial Report] The following is a compilation of reports on economic activities monitored through 26 May.

The Central Bank has reported that the monetary base grew by a nominal 37 percent in April; 3.9 percent less than in March. It also reported that in April the Brazilian international net reserves totaled $38.3 billions while its short term reserves totaled $32.3 billion. During the same period, the monetary base grew 49 percent by the peak concept and 45 percent by the daily average concept. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 May 94 p B4)

Alexandre Loloian, Labor Ministry Employment and Salary Policies secretary, has reported that during the first quarter the national labor market registered 70,981 new jobs, of which 48,796 were created in March—0.22 percent up on February. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 May 94 p B5)

Based on a study of the daily quotation of 1,300 products sold in 11 supermarket chains, Abilio Diniz, vice president of the Pao de Acucar supermarket chain, foresees that supermarket prices will have to be adjusted before the implementation of the real because there is a 15 to 20 percent price difference between sale and stock replacement prices. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 May 94 S2 p 9)

Household appliance sales, which had increased considerably during the first quarter of the year, dropped by 20 percent in May compared with the same month last year. This led several companies to plan collective vacations for their employees. Most of the 4,000 Arno company employees will have a 5-week vacation as of June, the company president announced. Lourival Kicula, who coordinates household appliances industries, says all companies currently have a 15 to 30-day stock which is beyond the desirable stock of 5 days (Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 May 94 S2 p 1)

The Sao Paulo State Federation of Industries has reported that the unemployment level increased by 0.25 percent during the second week of May with the dismissal of 5,893 employees in Sao Paulo. The accumulated unemployment rate this year is 1.8 percent or 43,800 dismissals. The accumulated unemployment rate for the past 12 months is 2.82 percent following the dismissal of 66,837 workers. Of the 46 industries studied, most workers were dismissed in the textile, railway equipment, paper, cardboard, and rubber industries. The industries with greatest job hirings were marble, granite, metal frames, doors, windows, and construction materials. (Sao Paulo GAZETA MERCANTIL in Portuguese 25 May 94 p 2)

The attempt by the Espirito Santo government to privatize its 23,17 percent participation in the Espirito Santo Power Plants, Escelsa, through an auction at the Rio de Janeiro Stock Exchange on 24 May failed completely due to the lack of bidders. A new auction should be held next 1 or 6 June. The base price of each Escelsa share was quoted at $100. (Sao Paulo GAZETA MERCANTIL in Portuguese 25 May 94 p21)

The Brazilian Federation of Bank Associations today made public a report on the 1993 banking social balance which shows that the banks made a $2.9 billion profit on net assets which amount to $24 billion. Profits amounted to 12.3 percent of their assets. The dividends paid by the banks to their shareholders amounted to $730 million. The report shows that during 1993 the banks paid $22 billion in salaries to their 674,500 employees and $2.3 billion in taxes and social contributions. The Brazilian banking system consists of 244 banks with more than 31,000 branches, holding more than 47 million savings accounts and 44 million checking accounts, 3.7 million of which correspond to companies. The report shows that the average monthly volume of credit operations amounts to $95 billion, their portfolio of financial applications and securities amounts to $25 billion, 80 percent of which is made up of government papers. (Sao Paulo AGENCIA ESTADO in Portuguese 2021 GMT 26 May 94)

Chile

Israel's Shim'on Peres Arrives; Meets Frei, Figueroa

PY3105191994 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1800 GMT 31 May 94

[Text] Strict security measures have been adopted in view of Israeli Foreign Minister Shim'on Peres' visit to Chile. Peres, who arrived in Santiago this morning, is responsible for achieving the historic peace agreements with the Palestinians.

Israeli Foreign Minister Shim'on Peres carried out an extensive agenda. This morning, Shim'on Peres met Chilean Foreign Minister Carlos Figueroa and later met with President Frei at the La Moneda government palace.

Peres also held a news conference at noon today under strict security measures. During a crowded meeting with journalists, Peres expressed his country's interest in strengthening ties with Chile and in exchanging information, particularly regarding technology and the exploitation of deserts.

This morning, Peres is scheduled to meet the defense and finance ministers, as well as Chilean business people and members of the local Jewish community.

Peres Comments on Peace Talks, Latin America

PY3105230794 Madrid EFE in Spanish 1836 GMT 31 May 94

[Text] Santiago, 31 May (EFE)—Israeli Foreign Minister Shi'mon Peres said today in the Chilean capital that his country will continue the peace talks, this time with Syria, Jordan, and Lebanon.

In a news conference given a few hours after arriving in Santiago, Peres, who was protected by a strong security force, said Israel has "a very long agenda" for its Arab neighbors, and reiterated that it is willing to continue with the peace process.

He said that he was, however, "bewildered" by the recent remarks of Yasir 'Arafat about the "holy war," although he said that to judge a situation one must look at the initiatives and the facts.

Peres said 'Arafat had made a mistake, and that his comments do not contribute to the peace process. But he preferred to base his judgement on the implementation of the agreement, which shows "that a new reality is taking place in Gaza and Jerico."

He noted that the PLO has not carried out terrorist actions in those territories, and that despite the pain of this old language used by 'Arafat, the plan is promising.

He recalled that the agreement granting autonomy to the Palestinians of Gaza and Jericho is "temporary, for five years," and that after the political enrivonment changes permanent agreements will be established.

He advocated relations with Latin America for the opening up of new markets. He is also sure that the region will become like the European Community, as the right trend is to make "geographic proximity into economic advantage."

Peres praised the Chilean process, which he considered "impressive" because of its political freedom and economic stability which, he said, is quite an exception in the region.

Perez met this morning with Chilean President Eduardo Frei, who reiterated Chilean support for the peace process with the Palestinian people.

Peres said: "We talked about strengthening the old friendship between the two countries in the fields of economy, trade, and technological and scientific development."

Peres also met with Chilean Agriculture Minister Emiliano Ortega and with his Chilean counterpart Carlos Figueroa, to exchange views on the possibility of establishing joint business initiatives and to share Israeli technology for recovering the desert.

This program is one of the points of greater interest for Chile, which has a large desert in the north. Peres said his country is willing to provide all possible aid in this field.

He also said that Israel is open to trade negotiations with Chile like the ones it proposed to Mexico and Colombia, the other two countries included in his Latin American tour, which ends tomorrow in Santiago.

Regarding international relations, Peres said that Israel expects to receive Chilean support in its peace negotiations with the Arabs at the United Nations, and that Chile will take an "objective" position in that international organization.

He recalled that in Chile there is an important Arab community which, he believes, should support Palestinian autonomy in Gaza and Jericho just as the Jewish communities abroad support Israel.

Peres declined to answer if his country would receive Chilean Army Commander General Augusto Pinochet, whose trip to Israel has been announced a number of times. Peres said this possibility has not emerged, and therefore it has no answer.

Peres also met today with Chilean Defense Minister Edmundo Perez Yoma, and plans to lecture at the Chilean Foreign Ministry.

Pinochet On Arms Buying Tour to Europe

BR3105152894 Amsterdam DE VOLKSKRANT in Dutch 30 May 94 p 3

[Unattributed article: "Pinochet Stayed in Amstel Hotel Under Pseudonym"]

[Text] Former Chilean President Pinochet stayed in the Amstel hotel in Amsterdam in the night of Thursday to Friday, where he had signed up under a false name. On Friday morning staff members recognized him.

The hotel management went to talk to Pinochet and his party, says director F. van der Post. "We told him that we could not guarantee his safety or the safety of the others in the hotel. His security people then decided to leave." Pinochet and his party left the hotel on Friday night, according to Post.

The former dictator is on a tour of Europe this week. He is leading a trade delegation from the Army's procurement department. Today [30 May] he is expected in the Czech capital Prague.

Czech President Havel and Prime Minister Klaus openly dissociated themselves from the visit. "I am not thrilled about the fact that the first important Chilean trade mission to the Czech Republic is led by General Pinochet," Havel declared. "But I consider this notification."

According to the president, Pinochet has not been invited by any official department and will not meet with government representatives. Pinochet was invited by the semi state company Omnipol, which is responsible for the sale of Czech arms.

Coalition Senator Advocates Diplomatic Relations With Cuba

PY0106002594 Madrid EFE in Spanish 1559 GMT 31 May 94

[Text] Santiago, 31 May (EFE)—Chilean Senator Andres Zaldivar of the Christian Democratic Party, who returned yesterday from a trip to Havana, advocates the resumption of diplomatic relations with Cuba and the lifting of the economic embargo on the island. Zaldivar, whose comments were released today, said he was really impressed with the dramatic situation affecting the Cuban people, who "are starving because rationing is brutally strict."

Zaldicar, who belongs to the most important party in the coalition governing Chile, said cooperation must be sought to find a political solution that would allow Cuba to evolve toward democracy.

According to Zaldivar, the way to reach a political opening must be discussed with Cuban President Fidel Castro. He said: "Fidel Castro is maintaining his leadership. I saw that. The people are with Fidel Castro. And we should take note of that."

Zaldivar has the impression that Cuba is a besieged region in the medieval sense, which even creates the fear that the crisis may evolve into a collective sacrifice, which he believes would be inadmissible. He added: "We should follow a path toward opening up relations, not with the objective of validating a regime with which I disagree, but in order to help Cuba in a transition toward democracy."

During his stay in Havana, Zaldivar met with the Cuban ministers of finance and agriculture, but he did not have any contact with the opposition. Christian Democratic Party President Gutemberg Martinez, however, will meet with all Cuban political sectors during the visit he will make to Cuba in the next few days.

Zaldivar went to Cuba as president of the Spanish foundation Ibero-American-European Research and Promotion Center, which he created when he was living in exile in Madrid.

Diplomatic relations between Havana and Santiago were broken in 1973 after the military coup that overthrew the Chilean Socialist government headed by Salvador Allende. Relations were resumed at the consular level in 1990 after the return of democracy in Chile. Various Chilean Socialist and Social Democratic sectors of the government Coalition of Parties for Democracy have expressed support for the full reestablishment of relations with Cuba, which is expected to be achieved in the next few weeks.

Colombia

Government Awaits U.S. Explanation for Suspending Radars

PA3105231794 Paris AFP in Spanish 2031 GMT 31 May 94

[Text] Santa Fe de Bogota, 31 May (AFP)—Today, the local newspaper EL TIEMPO indicated that the Colombian Government expects an explanation from the United States for its sudden decision to suspend the operation of two radars installed in Colombia to detect drug planes. This followed the publication of the U.S. decision by the THE WASHINGTON POST on 29 May.

According to EL TIEMPO, government spokespersons referred to Washington's decision as "inconsiderate, untimely, unilateral, and rude." THE WASHINGTON POST said the Pentagon ordered the suspension of the operation of four radars used in the fight against drug trafficking, which are located in Colombia and Peru. In Colombia, the radars are located in Araracuara and Leticia, in the southeastern Department of Amazonas.

According to EL TIEMPO, since 1 May, the U.S. soldiers who operate the radars stopped briefing the Colombian Air Force on the flights detected. EL TIEMPO adds that the U.S. Government has not officially notified its Colombian counterpart of its decision. The Colombian Government asked Washington for an explanation 28 days ago, but thus far, it has not received a reply, EL TIEMPO discloses. The newspaper also reveals that a government spokesperson stated that "it is obvious that if the radars are not working, it makes no sense to keep them and the technicians on Colombian territory."

Commentary on U.S. Drug Surveillance Installations

PA0106023994 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1200 GMT 31 May 94

[Commentary by Antonio Paneso from "Caracol's 0600 to 0900" newscast]

[Text] International treaties are usually agreements benefiting two parties; one party cannot decide when to comply and when not to. It seems that this is now the case with an agreement signed by the United States and Colombia on bases for the surveillance of drug trafficking.

In this case, it was clear Colombia rendered a service to the United States and not the other way around. It would be preferable for our policy to be increasingly independent because those installations are not useful even for monitoring civilian air traffic in Colombia, rather for rendering service only to U.S. addicts [viciosos].

Gaviria Cancels El Salvador Trip; Doctors Recommend Rest

PA3105135594 Mexico City NOTIMEX in Spanish 1915 GMT 29 May 94

[Excerpts] Santa Fe de Bogota, 29 May (NOTIMEX)—Official sources have reported Colombian President Cesar Gaviria today canceled his trip to El Salvador where he was to attend the swearing in ceremony of Salvadoran President-elect Armando Calderon Sol. Presidential Palace spokespersons have said the Colombian president will not attend the swearing in ceremony, because the doctors who performed surgery on his right foot 10 days ago have recommended rest. [passage omitted]

Gaviria underwent surgery on 19 May to relieve pressure in his posterior tibial nerve. Using crutches, the Colombian president was the first to vote in Sunday's presidential elections, in which 18 candidates sought to become president of Colombia for the next four years. [passage omitted]

Israeli Foreign Minister Arrives, Praises Elections

PA3005032094 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1656 GMT 29 May 94

[Report by Guillermo Rodriguez from the Catam Military Airport—live]

[Text] Israeli Foreign Minister Shim'on Peres has arrived. A very important event has taken place in his first public act: the Jewish-Palestine community has greeted him, which is a sign of new times. Peres praised Colombian democracy and said things are being corrected in Colombia through elections and that it is a privilege for him to arrive just when Colombia is voting. He also said Jerusalem will continue to be Israel's capital, but that Jerusalem will not be divided as Berlin was after World War II. Peres said he believes more in deeds than words regarding Palestinian leader Arafat's unfortunate remarks to the effect there would be a jihad or sacred war to liberate Palestine. Here is Shim'on Peres:

[Begin recording] [Unidentified reporter] Do you believe that results will allow your [as heard] country to continue to make great economic strides?

[Peres, in English with passage-by-passage translation into Spanish] All of Latin America is undergoing great changes and is making important changes to the world outlook. Colombia, as one of the four great countries in Latin America, will play an important role. It is a great pleasure for me to have the opportunity to improve relations between Colombia and Israel. [end recording]

This was part of the statements made by Shim'on Peres, architect of the Middle East peace process. He feels very satisfied and said he is confident that peace in the Middle East will be lasting. He intends to visit several voting tables; he will also visit the Gold Museum; and he will meet the president and they will issue a joint communique. This is the first visit Israeli foreign minister to Colombia.

Meets with Gaviria

PA3105044994 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0456 GMT 30 May 94

[Text] Israeli Foreign Minister Shim'on Peres said today that the world is moving toward an era of expanded markets and communities, adding that this is the moment for the awakening of the Americas. Peres, who arrived in Santa Fe de Bogota for an official two-day visit to Colombia, met with President Cesar Gaviria for 40 minutes. Peres congratulated Gaviria for being elected OAS secretary general, a position that the outgoing Colombian president will fill in September in replacement of Brazilian Joao Baena Soares.

The former Labor Party leader, whose first Latin American tour also includes Mexico and Chile, said his visit to Colombia is the result of the fortunate rapprochement that began in December with Colombian Foreign Minister Noemi Sanin de Rubio's visit to Israel.

Panama's Perez Balladerez Meets With Gaviria

PA2705192194 Panama City LA PRENSA in Spanish 25 May 94 p 1

[Report by Jose Otero]

[Text] President-elect Ernesto Perez Balladares has announced his government will seek Panama's entrance into the Group of Three (G-3), which includes Colombia, Mexico, and Venezuela, and rejoining the Rio Group. Meanwhile, he proposed as a solution to the Darien Gap problem the construction of an alternate road through the San Blas region.

Perez Balladares made these statements on Monday during a courtesy visit to Colombia, where he met with his colleague Cesar Gaviria, according to a news release from the president-elect's press office.

It also was learned that Perez Balladares proposed Panama's entry into the G-3 free trade agreement, which is to be signed by the governments of Colombia, Mexico, and Venezuela on 14 June during the Ibero-American Summit of heads of state.

The president-elect also said that his government administration will seek readmission into the permanent market and political consensus know as the Rio Group, from which Panama was ousted during Manuel Antonio Noriega's military regime.

The press release also reports that Perez Balladares and Gaviria agreed on bilateral procedures to combat drug trafficking, particularly along the common border where an inter-American road is to be constructed.

Perez Balladares appeared in favor of modifying the road's route in an effort to reopen the inter-American road—construction on the road was halted 20 years ago in the Darien Gap—indicating that the San Blas area is the most feasible alternative for this project, according to the press release.

The future president was accompanied on this visit by his Foreign Minister-designate Gabriel Lewis Galindo, and Jose Luis Sosa, member of the governmental transition commission.

It also was officially announced that Perez Balladares will travel tomorrow to Puerto Rico, where he will hold a private meeting with Jose Rosello, governor of that Caribbean island. The president-elect's June visits to Japan and Taiwan, which are aimed at reestablishing commercial ties, were also confirmed.

PBEC Grants Formal Membership

PA2905185094 Santa Fe de Bogota EL TIEMPO in Spanish 24 May 94 p 2B

[Text] Colombia, China, and Russia were formally accepted yesterday as active members of the Pacific Basin Economic Council (known in English by the acronym PBEC), which is considered the world's most important business forum.

The formal inclusion of these nations occurred at the 27th General Assembly of the organization held in Kuala Lumpur, Malaysia. Important Colombian businessmen, accompanied by Foreign Trade Minister Juan Manuel Santos, attended the meeting.

"This is an important step in our policy of diversifying outside the Paris-London-New York axis and getting closer to the most dynamic region of the world and the one with the brightest future," Santos said.

The PBEC is an organization that includes important businessmen from Asia, Canada, United States, Mexico, and Chile and whose goal is to expand the trading borders of PBEC member countries. This organization is different from the Pacific Economic Cooperation Conference (known by the English acronym PECC), which is a governmental institution that Colombia joined last March.

"The opportunities opened for the Colombian private sector are immense because here we are dealing with the big leagues," said Guillermo Fernandez de Soto, president of the Chamber of Commerce of Santa Fe de Bogota.

Meanwhile, Fernando Urrea, executive of the Colombian Leonisa Company and member of the Colombian delegation, said that "at forums such as this one, we realize the valuable opportunities that we businessmen have at our disposal to broaden our markets and also realize that we must seek markets abroad instead of waiting for them to come by the grace of God."

Colombia, Very Attractive

Minister Juan Manuel Santos was invited to the General Assembly's plenary session in his capacity as presidential designate, along with the prime ministers of Malaysia and Vietnam. In his speech, Santos explained the opportunities offered by the Colombian economy and the privileged access to international markets it has achieved through its integration policy. "Colombia has become one of the most attractive houses in a neighborhood that is becoming more interesting by the day to foreign investment," the Colombian minister said in reference to the nation's prominent position in Latin America.

He mentioned the struggle against drug trafficking that the country has waged in the past years and requested greater international cooperation for this battle. "We have lost our most prominent politicians, our most honest judges, our most courageous officers, and our best journalists, and this great sacrifice has only reinforced our determination to eradicate this scourge," he added.

Colombia's interest in joining the PBEC lies in the growing importance of the area in the world economy. The 19 countries that make up the PBEC produced 50 percent of world GNP in 1993 and registered an average growth rate of 3.7 percent. It is expected that by the end of this decade these economies will grow by more than $5 trillion, that is, more than one third of the world's growth up to the year 2000.

The PBEC is made up of: Australia, Canada, Colombia, Chile, China, Korea, the United States, Philippines, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Peru, Russia, Singapore, Thailand, and Taiwan.

Cuban Exports Increase 1,600 Percent

PA2705231794 Madrid EFE in Spanish 1833 GMT 27 May 94

[Text] Santa Fe de Bogota, 26 May (EFE)—Cuban exports to Colombia increased by more than 1,600 percent in the first four months of the year, from $1.2

million to $21 million, the Colombian Foreign Trade Institute reported today. The institute said Cuba was the country with the greatest increase in exports to Colombia between January and April, as compared to the same period last year. Cuba is followed by the Cayman Islands (800 percent), Poland (351 percent), and Sweden (210 percent).

Colombia and Cuba resumed their trade relations in 1990 and their diplomatic ties last October following 12 years of broken relations, which began in 1981 when President Julio Cesar Turbay accused the Cuban Government of Fidel Castro of supporting guerrilla groups. The Cuban Embassy in Colombia told EFE that Colombia imports steel, salt for industrial use, generic medicines, vaccines, and biotechnological products, from the Caribbean island while Colombia sells Cuba textiles, electricity cables, machinery, and coke, among other products. Colombia's greatest increase in imports, by groups of countries or economic blocs, came from the Andean Group countries (Bolivia, Peru, Ecuador, and Venezuela) where Colombian purchases increased 20.82 percent followed by the European Union (EU) with 13.11 percent. Colombian imports during the first four months of the year totalled $1.321 billion and its principal markets are the United States and Venezuela, in that order.

Prosecutor To Challenge Internal Disturbance Decrees

PA2705164394 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 26 May 94

[From the "National Newscast"]

[Text] The internal disturbance decree that recently prevented a mass release of prison inmates today was placed in a precarious position. The "National Newscast" has learned that this afternoon the prosecutor will tell the Constitutional Court that the decree is unconstitutional. This will be announced in the next few hours.

Over the past two years, the government has issued internal disturbance decrees eight times. The most recent implementation of this measure was to prevent a mass exodus of inmates from Colombian jails.

The arguments the prosecutor could wield to call for a ruling that such decrees are unconstitutional are as follow:

1. He says that eight internal disturbance decrees have been used to undermine the rights of due process of many inmates who, because of the expiration of deadlines, should have been released from prison a long time ago, as stipulated by the Penal Procedures Code.

2. He criticizes the state for being unable to conduct investigations on people facing drug-trafficking and terrorism charges in an efficient and timely manner.

The court has already rejected a request from the prosecutor that it delay its ruling on the most recent internal disturbance decrees. The official ruling will be handed down in 20 days.

Samper, Pastrana Begin Campaign for 19 Jun Runoff

PA3105222094 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1200 GMT 31 May 94

[From "Caracol's 0600 to 0900" newscast]

[Text] Santa Fe de Bogota—While the candidates who qualified for the 19 June runoff have started to give new life to their political strategies to attract popular support, the government and the economic groups made a vehement call on Colombians to analyze the proposals of the two contenders and to vote massively.

While Liberal Ernesto Samper Pizano prefers to seek increased support from his party, including its former Colombian presidents, Conservative Andres Pastrana Arango prefers social aspects such as employment and education in his government program. Mr. Samper Pizano said he will focus on the agricultural sector. He said this sector must be saved to ensure the peasants continue living on their plots.

Although the directorate of the 19 April Movement Democratic Alliance will decide what political course to follow this Thursday, in view of the electoral defeat suffered last Sunday, there have already been contacts with the Samper camp to reach some agreements.

The two presidential candidates will start a new and fast-paced race for the Presidency today. They will try to maintain or increase the electoral support they received on 29 May. The two of them garnered nearly 5.2 million votes.

Liberal statesmen Julio Cesar Turbay Ayala and Alfonso Lopez Michelsen are expected to renew their support for candidate Samper Pizano and to urge citizens to vote.

Despite the optimism of the two candidates about winning a majority of the votes in the 19 June runoff, groups such as National Exporters Association and Asoexpro [expansion unknown] predicted a lower turnout in the runoffs due to tiresome abstentionism, a lack of political culture, the poor definition [poca identidad] of the parties, and the enthusiasm displayed by Colombia for the opening of the world soccer championship in the United States.

Roundup of Economic Developments

PA0106003894

[Editorial Report] The following is a compilation of reports on economic developments monitored through 31 May.

On 23 May, the Foreign Trade Institute reported that Colombian imports during the first four months of 1994 totaled $5.278 million. This represents a 22.7 percent increase over the same period last year. Imports of raw materials amounted to $2.1746 million—41.2 percent of all imports during the same period. The United States continues to be Colombia's main supplier. Venezuela is second. (Santa Fe de Bogota EL TIEMPO in Spanish 24 May 94 p 1B, 2B)

Colombian exports to Venezuela dropped 6.5 percent during the first two months of 1994 because of a strong devaluation of the bolivar. (Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 24 May 94)

Paraguay

Wasmosy Vexed About Closing Congress Remark

PY3105192694 Asuncion NOTICIAS in Spanish 28 May 94 p 2, 3

[Text] Once again, President Juan Carlos Wasmosy has committed a journalistic "blunder." This time he said he would make every effort not to dissolve Congress, which caused commotion in congressional circles. As a way of showing how "sorry" he was, Wasmosy sent two notes to Congress explaining his remarks and "renewing" his confidence in Congress. He expressed profound indignation and vexation over what had been published in the morning newspapers. His "justification," however, has not prevented harsh criticism from both opposition and official blocs, which termed his attitude as "dangerous" for democracy.

The president's remark that he would do everything possible to not dissolve Congress provoked a shower of criticism from legislators of several blocs. This compelled the chief of state to clarify his remarks. He sent a note in which he renews his "confidence" in Congress.

The president's new and controversial remarks were published by the Argentine newspaper AMBITO FINANCIERO. Despite an attempt to "apologize" to Congress, he was unable to prevent an overall rebuke from opposition and official blocs for his remarks, which were termed as an attack on democracy.

Wasmosy's "justification" note arrived at Congress at noon. He expresses his vexation over the Argentine newspaper report that he would do everything possible to avoid dissolving Congress.

Hugo Saguier Caballero, secretary general of the Presidency, handed the official note to Senate President Evelio Fernandez Arevalos and Chamber of Deputies President Francisco Jose de Vargas. Wasmosy's note states: "I am extremely vexed over the information that appeared in the newspapers today which indicates that I will do everything to avoid dissolving Congress."

The note adds: "Unfortunately, the article does not honestly convey my thoughts. No one can presuppose that I intend violating express constitutional clauses." Wasmosy emphasizes: "I deem it necessary to emphasis my decision to use all my efforts to prevent situations that could harbor the idea of violating the Constitution."

The note concludes: "I believe it is neccessary for me to address these lines to you with the sole intention of renewing my confidence and my hope of good governing through the rectitude and honor of the members of Congress."

Uruguayan, Paraguayan Ministers View Mercosur

PY3105180094 Asuncion ABC COLOR in Spanish 27 May 94 p 19

[Text] Unofficial reports have stated that Paraguayan Foreign Minister Dr. Luis Maria Boettner Ramirez and Uruguayan Foreign Minister Sergio Abreu Bonilla have drawn up a bilateral policy for Mercosur [Common Market of the South] to partly counterbalance the differences existing with Argentina and Brazil. Yesterday, Paraguayan Foreign Minister Dr. Luis Maria Boettner Ramirez denied, however, that Paraguay and Uruguay have formed a front or drawn up regional strategies.

Negotiations to establish a common external tariff have exposed disagreements among the four Mercosur countries. Paraguay and Uruguay want low tariffs to develop their old-fashioned industries while Brazil prefers to keep high tariffs to protect their high technological production. Argentina is pursuing an intermediate and rather reconciliatory stance.

Three significant meetings to discuss the common external tariff issue are planned. The economy vice ministers of the four Mercosur countries will meet on 17 June, the Mercosur foreign ministers will meet on 9 July, and the presidents of the signatory countries will meet on 10 July.

With this in mind, it was unofficially mentioned that Paraguayan and Uruguayan officials, headed by their respective foreign ministers, have drawn up a bilateral policy to counterbalance the Brazilian stance of keeping their tariffs high. During the most recent meeting on 9 May in Buenos Aires, representatives of Itamar Franco's administration were unyielding on reducing their tariffs.

The Uruguayan foreign minister returned to Montevideo yesterday. He denied that his visit to Paraguay was specifically to form a bilateral bloc within Mercosur. He noted that his visit to our country sought to enhance bilateral trade. He added that when Mercosur was discussed, they sought to enhance the integration process, bearing in mind that it will be implemented within seven months (on 1 January 1995).

Foreign Minister Ramirez Boettner agreed with his Uruguayan counterpart. He said they thoroughly reviewed bilateral economic issues. The Paraguayan foreign minister added: "This is why our talks, which have been extremely useful, lasted two days (24 and 25 May). I

believe that on very few occasions have we thoroughly reviewed all bilateral and multilateral issues."

The Paraguayan foreign minister noted that when Mercosur was discussed, an effort was made to strengthen it because a political decision has been made by the four governments to implement the integration process. He said: "We have combined strategies, but in no way have any blocs been formed between our countries. We are all together in the Mercosur."

Uruguayan Foreign Minister Interviewed

PY3105165094 Asuncion ABC COLOR in Spanish 29 May 94 p 8

[Interview with Uruguayan Foreign Minister Sergio Abreu Bonilla by Hugo Ruiz Olazar; place and date not given]

[Excerpt] [passage omitted] [Ruiz] The newspapers are always discussing Uruguay's and Paraguay's unfavorable position compared with the giants Brazil and Argentina in this Mercosur [Common Market of the South] process...

[Abreu] I believe it is the other way round. We have a positive view of Mercosur...

[Ruiz] What are you basing...

[Abreu] In a world that requires a gradual opening, with greater competitivity, it is significantly unfavorable for us to remain enclosed or isolated. Mercosur is a potential market of 200-million inhabitants.

[Ruiz] Why then are we hearing so many warnings about the risks involved in Mercosur?

[Abreu] There are two basic pillars we have to handle together: democracy and integration. Uruguay's Mercosur strategy is—and I will stick to the words of Enrique Iglesias, a former Uruguayan foreign minister and current IDB [Inter-American Development Bank] president—first, Mercosur; second, Mercosur; and third, Mercosur.

[Ruiz] Do you believe Uruguay and Paraguay are unable to influence the two giants, Argentina and Brazil, which are apparently engulfing everything ...?

[Abreu] Quite the contrary! Quite the contrary! We have the same possibilities as the smaller countries in the EU, despite all the differences ...

[Ruiz] Not long ago, the newspapers seriously discussed the possibility of Uruguay withdrawing from Mercosur ...

[Abreu] Uruguay is not linked to the possibility of withdrawing from Mercosur ...

[Ruiz] This issue was discussed at length here in Asuncion ...

[Abreu] Quite the contrary. Uruguay's stance involves confirming and strengthening Mercosur ... You must know that it is quite different to have four countries talking to other economic blocs than to have countries talking separately, especially if they involve Uruguay and Paraguay ... The president of the Republic issued a public denial ...

[Ruiz] Why are importers against Mercosur?

[Abreu] Of course, there are economic circles that will not be favored by a comprehensive strategy. Integration involves an adjustment process. It is a process marked by growing pains. It is very important here to handle conflicts and traumas ...

[Ruiz] It will not be possible to achieve a zero common external tariff by 1 January 1995. What is your opinion?

[Abreu] We are not so pessimistic. Uruguay does not believe the schedule should be moved back. The common external tariff as it is must be negotiated, but must be implemented ...

[Ruiz] For Paraguay, a landlocked country, there is a key point, namely freight, the waterway. Some people fear the River Plate tolls to be collected by Argentina and Uruguay will increase freight ...

[Abreu] As projected, the waterway links Puerto Caceres with Nueva Palmira. It is necessary to seek a sea outlet from Nueva Palmira. The channels will be dredged: the Martin Garcia Channel in Uruguay and the Mitre Channel in Argentina. Private companies will carry out the dredging and will charge a toll to recover their investment, but only for large ships. This toll will not apply to normal waterway transportation ... [passage omitted]

Israel Closes Paraguayan, Other American Embassies

PY3105223994 Asuncion ULTIMA HORA in Spanish 31 May 94 p 12

[Text] Israeli Ambassador to Paraguay Shmu'el Merom said this morning that the Israeli Government has decided to close its embassy in Paraguay and three other Latin American countries as part of a world reorganization of its foreign service. The diplomat made the announcement at Government Palace after meeting with President Juan Carlos Wasmosy.

At the end of the meeting, Merom said the closure of the Israeli Embassy is purely a matter of internal reorganization, adding that Israel has 17 embassies in Latin America, which is considered excessive. Merom said Israel will place more emphasis on the Muslim countries in their region, adding that his country needs increased relations and understanding with these nations in view of the requirements of the new world order. The ambassador said a commission had studied the coverage of embassies in order to relocate them.

Finally, Merom said his country cannot maintain so many embassies in Latin America, adding that this is the single reason why his country decided to "close" this embassy in Paraguay.

Minister: Need To Privatize Inefficient Companies

PY0106003294 Asuncion ABC COLOR in Spanish 27 May 94 p 13

[Text] Yesterday, Finance Minister Crispiniano Sandoval said the evidence clearly shows that the entrepreneurial state is a failure, and public companies, most of which operate with deficits and provide poor services to the community, must be transferred to private hands. Political interests should not be a major factor in the issue of privatizations. The most important concern should be the national reality and the need to reform the state, the minister said. "If we want to reform and reduce the state, we must privatize public companies," Sandoval stressed.

"Here, the question is one of structure or change of structures. No matter what government is installed in the country, it must proceed with the privatization program," Sandoval said. The issue, however, continues to face opposition in the Senate. Sandoval said the privatization of public companies is an economic, social, and political fact currently in effect everywhere in the world because it has been recognized that the entrepreneurial state is a failure. Consequently, it is necessary to transfer inefficient state companies to the private sector, Sandoval said.

The minister recalled that in the past, such entities were put under state control because of a doctrine that practically did not leave anything in private hands. Sandoval said the Wasmosy administration has the clear purpose of implementing a privatization program. "Political interests cannot prevail, for the national reality is at stake. No matter the political orientation, if we want to reduce and reform the state, we must transfer public companies to private hands," the minister said.

Sandoval pointed out that all governments need to open up their administration, adding that an indication of that openness will be "getting rid of inefficient state companies." The minister said some people wrongly think that privatizing means losing state assets.

"Political interests should not prevail. The most important thing is the decision to reduce the state, which must become more efficient. The state must get rid of the burden of maintaining public companies that more often than not operate in the red and provide poor services, according to the evaluation made by the community itself."

When reporters pointed out that politicians, particularly from the Colorado Party, do not seem to want these companies transferred to private hands because they are used for patronage, Sandoval said he did not think privatizations will have a political cost. "I think the electoral cost could be a lot worse if backward economic structures are maintained," Sandoval added.

The minister said no political party will succeed unless it can modernize the country's economic base to encourage private investments. "We will get many more votes if we get the country to sustain solid growth. This can be achieved only if we eliminate factors creating backwardness and underdevelopment, that is, inefficient companies. Maintaining these companies will have a political cost in the long term," the finance minister concluded.

Delay in Appointing New U.S. Ambassador Noted

PY0106001494 Asuncion ULTIMA HORA in Spanish 31 May 94 p 27

[Excerpt] Paraguay and the United States have not yet designated their respective reciprocal ambassadors. This makes you wonder whether there is an impasse, although Foreign Minister Luis Maria Ramirez Boettner denies this. In Paraguay's case, the delay in designating a new ambassador has been greater. Paraguay has not had an ambassador in Washington since January 1994 when Juan Esteban Aguirre resigned that post. Aguirre is currently occupying a high-level Inter-American Bank (IDB) position in Peru.

Ramirez Boettner said the country has already asked the United States for its agreement on one name for the post, and the ministry is awaiting an answer before submitting the nomination to the Senate. The foreign minister did not want to provide the name of the future ambassador, saying: "It is not customary to release the name of an ambassador-designate until the country where he is supposed to serve sends its agreement."

Ramirez Boettner said the delay in designating a U.S. ambassador to Paraguay to replace Jon Glassman is not a sign of disagreement with Paraguay. "It is absolutely normal. They are going through a transition period during which they are choosing an adequate candidate for the post. It is absolutely normal, and we have splendid relations with the United States in all respects," the foreign minister said. [passage omitted]

Peru

Shining Path-Drug Traffickers Split in Jungle Area

PY2705221994 Lima EL PERUANO in Spanish 15 May 94 p A2

[Text] The Shining Path (SL) terrorist group—once described as the most lethal and bloody terrorist group in the world—is in the final throws of its alliance with drug traffickers. The harsh and devastating blows it has received at the hands of the forces of order over the last couple of months have considerably undermined its criminal activities in the Peruvian jungle.

In the Huallaga Front, where most clashes take place, the Armed Forces and the Peruvian National Police [PNP] have separated terrorism from narcotrafficking by attacking it to such an extent that any possibility of a future alliance is almost nonexistent. The Aries offensive is no coincidence. The military command has information on subversive movements in the Cuchara region.

This military offensive compelled the SL people's guerrilla army—the MRTA [Tupac Amaru Revolutionary Army] is almost totally annihilated—to desperately take refuge south of the Upper Huallaga region while drug traffickers headed north of Ayacucho and more recently to Madre de Dios where the Army and the PNP are dealing with them harshly.

In the Cuchara and Primavera regions—where the Aries operation is being conducted—SL commanders are being severely questioned by their subordinates who, in view of the intensification of military actions, are taking advantage of the Repentance Law.

These desertions are prompting SL commanders to indiscriminately kill any SL member who disobeys orders.

Carlos, a 13-year-old boy who escaped with his father from the theater of opeations, said: "SL members are killing each other because they no longer know what to do in the jungle."

This can only be interpreted as a desperate move by the SL commanders, who interpret these "rebellions" as the end of their Maoist ideology. The Ashasninkas indigenous group are taking advantage of this situation and escaping the long and ruthless captivity they have endured at the hands of SL.

Eight SL terrorists, among them little Carlos, who endured the most deplorable living conditions imposed by the SL commanders, surrendered five weeks ago at the Quiteni antisubversive base in Satipo, in the Frente Mantaro jurisdiction. The living conditions in the Army bases in the jungle are very different.

The Army has installed 15 countersubversive bases with military personnel to welcome repentant SL members and to offer them the best conditions and treatment.

A Tingo Maria military officer says: "We are not saying this. This is being said by the SL members who surrendered at our bases. They do not want to leave. In our installations they find food and work and they receive the best treatment."

'Aries' Operation Ends in Huanuco With Arrest of 30 'Terrorists'

PY2705154594 Madrid EFE in Spanish 1620 GMT 27 May 94

[Text] Lima, 26 May (EFE)—On 25 May the Peruvian Army concluded the antiterrorist offensive that began in April in the jungle zone of Leoncio Prado Province, Huanuco Department. The Army called the operation a success despite accusations of having indiscriminately bombed civilians.

The military operation called Aries was aimed against the Shining Path [SL] members who operated in the area with two battalions known as Red Sea and Local Force which, according to military officers, were reduced by 40 percent in Huanuco.

The National Human Rights Coordinating Board claimed in April that during the military offensive civilians had been bombed and innocent people murdered, and that in one area about 50 people had been killed as a consequence of the excesses committed by the military.

Committees from several humanitarian organizations, and even from Congress, visited the Leoncio Prado region to verify the accusations, after which they said they had not found proof of bombings or massacres, although they did obtain some reports of human rights violations committed by the military.

The military chief of the zone, General Alfredo Rodriguez, reported at the end of the operation that the two terrorist battalions had been disbanded, and that the SL columns still remaining in the jungle zone north of Lima are out of contact, without provisions, and partially disarmed.

The general added that the Red Sea battalion was reduced to 40 men, and that the Local Force members were disbanded. He added that Red Sea chief Jose Picon, aka Manco, and another 20 SL members abandoned his group and hid in the Monzon area.

Rodriguez said that the SL groups are trying to replenish their ranks with young men they kidnap from jungle towns and whom they force to join the SL ranks under threat of death.

The military chief considered the Aries operation to be successful, as "it has left the subversives with few weapons" and "a great deal of ammunition" was confiscated.

According to the military officer the terrorists are trying to reorganize themselves, for which reason the Peruvian military forces cordoned off the area to prevent them from doing so.

Gen. Rodriguez nonetheless pointed out that the ending of the Aries operation does not mean that the military have stopped exerting pressure in the area, because they must prevent the SL bases from reorganizing.

On 25 May the military high command presented to journalists at the Tingo Maria military base in Leoncio Prado Province 23 SL members captured during the operation, during which a total of 30 men were arrested. The military also displayed weapons, explosives, medicines, communications equipment, documents, and propaganda material confiscated from the terrorists.

Gen. Rodriguez showed a copy book in which an SL member known as Comrade Angel had written an order to his comrades to "facilitate the access of the Red Cross to all the combat areas."

Gen. Rodriguez said he suspected that members of the Red Cross were informing the SL of Army movements, something which has not been proven.

U.S. Withdrawal of Drug Enforcement Aid, Radar 'Lacks Logic'

PY0106011194 Madrid EFE in Spanish 1807 GMT 31 May 94

[Text] Lima, 31 May (EFE)—Oswaldo Sandoval, president of the Foreign Relations Committee of the Peruvian Congress, said today that the U.S. decision to withdraw its airplanes and radars supporting drug enforcement in Peru favors drug trafficking. Sandoval said the U.S. decision "is incoherent, and lacks logic, as everyone recognizes that drug enforcement is the responsibility of producers as well as consumers."

Sandoval said that without U.S. logistical support in Peru "the mafias could transport drugs without fear of being intercepted by the Peruvian Air Force, which joined the drug enforcement effort with recognized success in 1992."

Arnaldo Velarde, Peruvian delegate before the Inter-American Committee for the Control of Drugs and Drug Abuse (CICAD), said that the interruption of the U.S. aid was decided "unilaterally, and without consultation."

Velarde also confirmed that Washington has suspended the flights of its AWAC and Orion airplanes, and has ordered the withdrawal of the radar operating in Yurimaguas that is used to control flights at the Peruvian and Colombian border.

Velarde said: "This will greatly hurt drug enforcement, because the Peruvian Air Force lacks the necessary means to detect the airplanes flying on the Colombian border, 99 percent of which are used to carry cocaine."

The suspension of aid was recommended by the State Department with the argument that shooting down civilian airplanes suspected of carrying drugs "is a violation of international law."

The flights of the AWAC and Orion airplanes, which are equipped with high technology radars, allowed the Peruvian Air Force to detect and intercept the drug trafficking airplanes, which in some cases, when they refused to obey the orders to land, were shot down.

Velarde said that Peru will continue "with its own means" the drug enforcement effort, but he indicated that the detection of airplanes carrying drugs "will be slower, difficult, and expensive" without the U.S. aid.

Judge Rejects Release of Military Officers Accused of Trafficking

PY0106032394 Madrid EFE in Spanish 1821 GMT 31 May 94

[Text] Lima, 31 May (EFE)—Lima newspapers reported on 31 May that a Peruvian judge has rejected the conditional release of one general and 11 military officers arrested on drug trafficking charges.

Judge Gloria Arteaga dismissed the petition to release the military officers as inadmissible, because "important steps to confirm or dismiss the charges" filed by military justice against them are still pending.

The Army placed General Jaime Rios, former Huallaga Front commander, and the other 11 military officers indicted with him at the disposal of civilian courts after it was discovered that they had covered up drug trafficking activities in the region.

The officers involved, besides Gen. Rios, are: Lieutenant Colonels Luis Aparicio and Marco Zarate; Majors Marco Landor, Alejandro Mutante, and Eliseo Gonzalez; Captains Oswaldo Zapata, Carlos Hernandez, and Carlos Marin; Lieutenant Rolando Chiotty; and noncommissioned officers Roberto Zarate and Luis Gomez.

In 1991 all of them were stationed in the Huallaga Valley, the largest cocaine paste production center in the world.

The officers are accused of having charged a fee to permit drug traffickers to ship their cocaine paste to Colombia.

The lawsuit says that the military charged a fee of $8,000 to single engine planes, and $15,000 to double engine planes, to permit them to land and take off in the zone to collect drugs.

The money was collected by Uchiza's former Mayor Demetrio Diaz and Uchiza's former Governor Carlos Rodriguez. The two are currently fugitives.

Drug traffickers provided medicines and food to the troops through a "civic committee" that coordinated "donations" made through Maj. Landor and Lt. Col. Zarate. These two are currently in jail under charges of trying to depose Peruvian President Alberto Fujimori in 1992.

Economy Minister Interviewed on Privatization, Loans, Taxes

PY2705185094 Lima EXPRESO in Spanish 16 May 94 p A2

[Interview with Peruvian Economy Minister Jorge Camet; place and date not given]

[Text] [EXPRESO] We still do not know what to do with the money obtained from the privatization process and

now you have an extra $1.1 billion from the Support Group. What will we do with so much money?

[Camet] Aside from the money, these meetings are very positive because very high-level experts of the Support Group member countries and organization participate in them. They assess us and voice their concern over Peru. We listen and learn from their suggestions but we also inform them about what we are doing and what is happening in Peru. Last year we obtained $900 million...

[EXPRESO] What did you do with that $900 million?

[Camet] Some $450 million of it was loans from multilateral enterprises and the CAF [Andean Development Corporation]. This includes $200 million from the World Bank and the IDB [International Development Bank] for the Foncodes [National Compensation and Social Development Fund]. There is $98 million from the IDB for the health sector. Then there is between $50 and $100 million from the PNUD [UN Development Program] and some $400 million in condoned debts. A total $300 million of condoned debts has materialized. Switzerland, for example, condoned $130 million.

[EXPRESO] What about this year?

[Camet] We are waiting for the World Bank, which arranges the Support Group meetings, to itemize the $1.1 billion. Some $250 million is earmarked for donations and technical assistance. The remaining $850 million are soft and normal loans from multilateral enterprises and countries represented at the meeting.

[EXPRESO] Does it include all the loans from the multilateral organizations?

[Camet] Not all of them. Only those for the sectors for which we have asked the Support Group for help. Last year we asked for financial aid for Foncodes, for the health and education fields. This year we have asked for assistance to solve the poverty problem and for a very ambitious long-term program to eradicate poverty. The World Bank, for example, has financed the construction of rural neighborhood roads in the poorest zones. That sort of thing.

[EXPRESO] As for the letter of intent, we were surprised to see that the government intends to implement additional taxes if it does not attain the 12.1 percent goal.

[Camet] Some interpretations are incorrect. There are rumors, for example, that there will be no more stability contracts [contratos de estabilidad] or that they will be eliminated. This is not true. There might be a translation problem. We have agreed that the government will respect the stability contracts. We will not generate new stability contracts with special clauses compared to other stability contracts already approved. Nobody will get more than others, or more than what is established by law. This is the agreement we have reached. We have also agreed to allow enterprises on the border or in jungle areas—with which we have signed stability contracts—to cancel them, but by negotiation. If an enterprise in a given zone enjoys certain privileges, then no other enterprise can settle in the same zone and compete. That would not be right.

[EXPRESO] Well, what about additional taxes?

[Camet] We agreed to a 12.1 percent tax revenue and we want Sunat [National Tax Administration Superintendency] to attain this goal. The entire program is based on the 12.1 percent tax revenue, and it must be attained.

[EXPRESO] Do you think the 12.1 percent tax revenue is feasible?

[Camet] Of course. Last year we concentrated on curbing inflation. This year we will concentrate on increasing our tax revenue. The money obtained through the privatization program cannot be used because we do not have a primary tax revenue surplus. The Sunat has done a good supervision job within the organization, cross-checking computer data, but now greater supervision outside the institution is necessary. The internal IGV [General Sales Tax] must grow. A few months ago we hired two foreign experts: a Chilean expert supervisor and another expert in pinpointing sectors where the tax evasion is worse. He will determine where we must start work. Internal IGV evasion amounts to 7 percent of the GDP. With these efforts and determination, and with some psychological actions like jailing some people, we will reduce tax evasion by at least one point this year. We will thus be able to use idle money obtained from privatizations without affecting the program.

[EXPRESO] We thought the IGV revenue amounted to around 4 percent of the GDP. If it should have amounted to 9 percent (half of the tax), how can evasion amount to 7 percent?

[Camet] Yes, but from that 4 percent you must subtract what is collected at the customs (external IGV) and you have the internal IGV. The level of taxes collected by customs is good but they have a ceiling which is established by the importations. It is very close to this ceiling. The internal IGV has great potential but it does not increase enough.

[EXPRESO] But 18 percent is very high.

[Camet] We are talking about increasing our tax revenue by one point this year. That is all. Late last year—by forcing taxpayers—we reached 11.4 percent of the GDP. This means we could reach 12.1 percent. This year we must make a great effort in two critical areas: tax revenue and generating job opportunities.

[EXPRESO] What do you mean by generating job opportunities? Are you talking about Foncodes?

[Camet] No, not only Foncodes. Foncodes is a temporary and urgent relief at this moment for the extreme poverty problem. It is a matter of generating job opportunities.

[EXPRESO] The exchange rate does not seem to be a matter of concern in the letter of intent.

[Camet] It is a matter of concern. Experts are exhaustively studying this problem.

[EXPRESO] At the Economy Ministry or at the BCR [Central Reserve Bank]?

[Camet] Foreign experts are studying the problem at the Economy Ministry. They are also studying the problem at the BCR, of course. Right now there are plenty of dollars and we are investigating, and that is the reason why there are so many dollars because the deposits in the banks have ceased to increase and drug traffickers could not have increased the amount of dollars in the past few months.

[EXPRESO] Has the government being using Treasury funds to maintain the exchange rate...

[Camet] We have been helping. We purchased dollars to make an early payment on the foreign debt, for example. Somehow or another we have to help the BCR with Treasury funds, cautiously, because the emission capacity is limited. We cannot go issuing a great quantity of money for this purpose.

[EXPRESO] Another issue is the monetization or emission level. In March we issued money above the target we had established. It is also true that there is a greater demand for soles, which would justify a somewhat greater emission.

[Camet] This is another issue we are assessing: How long can we continue monetizing. The more substantial emission in March (3.5 percent instead of 1.9 percent) was not significant in absolute terms: it only amounted to 40 million soles, which is not very much. That amount will by no means generate inflation. It is true that the demand for soles is increasing. I once told [Foreign Relations Committee member] Manuel Moreyra that dedollarization is a mental process. It will take years for Peruvians to regain confidence in our currency. This is beginning to happen gradually. We have already surpassed inflationary expectations. The greater the demand for soles, the more currency we can issue without causing inflation.

[EXPRESO] The letter of intent talks of about 20 percent emission for the entire year.

[Camet] That is what we believe. We will see if a little more can be issued without affecting our anti-inflationary goal. The letter of intent is not inflexible. If someone comes up with a survey showing it is technically feasible to issue—let us say—25 percent instead of 20 percent, we can do so. The IMF is an auditor. The letter of intent describes what the government intends to do. We draft the letter and discuss it with the IMF, but we are the ones who draft it.

Energy Minister: Mining Sector To Reactivate Economy

PY3005221794 Lima EL PERUANO in Spanish 18 May 94 p A3

[Text] Yesterday Energy and Mines Minister Daniel Hokama Tokashiki asserted that the recovery currently being experienced in the mining sector, and especially the boom in gold production, are the principal activities reactivating the Peruvian economy.

Hokama said that 36 percent of the total foreign investments obtained in the past few years have been earmarked for the mining sector, despite the fact that only a little over 10 percent of the Peruvian potential is being exploited.

While its mineral reserves place Peru as the seventh largest mineralogical district in the world, during the last decades no systematic mineral exploitations have been carried out. It is believed that there are great deposits yet to be found, and the country's progress could be based on the adequate development of the mining field, stated the minister.

Hokama added, however, that the inflow of fresh capital is not only encouraged by the existing potential, but also by the implementation of an open economy, by a controlled inflation, and by the outlook toward obtaining a fiscal balance.

In view of the new legal framework, important international mining enterprises have expressed their interest in investing in Peru. Among them are Anglo American, Cyprus-Amay, Cambior, RTZ [expansion unknown], Placer Dome, Noranda, Lac Minerals, Americana Barrick, and Asarco.

In referring to the boom in gold production, Hokama stated that in this field it is estimated that some 500,000 ounces of gold will be extracted this year from the Yanacocha and Maqui Maqui mines alone.

The minister explained that the Yanacocha project being developed by the U.S. enterprises Newmont and BGRG [expansion unknown], in partnership with the Peruvian enterprise Buenaventura, will this year yield a production of 250,000 ounces, and that this amount will double as of December, when the Maqui Maqui project is implemented.

In comparing gold production over the past five years, in 1990 the monthly production amounted to 2,400 ounces while in 1993 the production amounted to 53,000 ounces.

Minister Hokama said that the new mining policy redefines the role played by the state in its capacity as administrator of natural resources: promoting private investment, supervising, and implementing precise and stable regulations.

In order to give an idea of the great mining potential of the country, he said that of the 128 million hectares

making up the country's territory, 60 million correspond to mineral resources. He also commented that during the past 18 months requests have been made to exploit mineral deposits over a surface of 5 million hectares.

Aware of the damages that mineral exploitation may cause to the ecosystem, the mining enterprises have started a series of actions designed to establish adequate mechanisms for safeguarding the environment.

This was confirmed by the Gold Committee of the National Mining and Oil Association, which stated that "there must be an equilibrium between the development of the mining sector and the preservation of the environment, sustained by shared responsibility on the part of the enterprises, the government, and the scientific community."

The business sector also referred to the great importance granted to the environment during the first international symposium on gold held in Peru.

Visiting French Official Examines Investment Possibilities

PY3005230994 Lima EL PERUANO in Spanish 18 May 94 p A3

[Article by Cesar Chaman Alarcon]

[Text] Bagua Grande—Bertrand Dufourcq, secretary general of the French Foreign Ministry [title as published], said here yesterday that important French business groups are interested in investing fresh capital in Peru, especially in the areas of mining, oil, and tourism.

He added that one factor of interest to French investors is the process of economic stabilization that Peru has experienced for approximately two years.

Dufourcq said: "My country recognizes that the government of President Alberto Fujimori is carrying out a courageous policy, which often has social consequences, but we are convinced that Peru is on the right path."

He then noted that in the mining field, French investors are gathering information on the gold mines in the Peruvian mountain range with a view to investment in the very near future, and that some contracts for oil exploitation had already been signed with the government.

Regarding tourism, Dufourcq said he is aware that an important French group is studying the possibility of investing in the construction of a hotel infrastructure in our country.

He added: "Peru has a richness and diversity in its natural environment as do very few countries in the world, and therefore has all the necessary conditions for developing tourism."

He also noted that France, as Peru's top creditor, is fulfilling a very important role in the process of renegotiating the Peruvian foreign debt.

He added: "This cooperation effort is part of the financing we provide for social development projects, especially in running water and sewer systems in the poor districts of Lima, in Cusco, and in the northern part of the country."

Dufourcq made these comments after visiting schools in the provinces of Jaen (Cajamarca) and Utcubamba (Amazonas) with President Alberto Fujimori.

Uruguay

Army, Uruguay To Train Military for UN Units

PY2805032394 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2247 GMT 27 May 94

[Text] Montevideo, 27 May (AFP-NA)—Government sources reported that the Argentine and Uruguayan Armies agreed this week to maintain a "fluid exchange" between the schools in each country that will train Latin American officers assigned to UN peacekeeping forces.

Two colonels and two lieutenant colonels, representatives of the Argentine and Uruguayan Armies, concluded several days of meetings at Army Headquarters in Montevideo. During the meetings, they agreed to "cooperate between the two Armies" to train the future UN officers.

The agreement put an end to a dispute between Argentina's Carlos Menem and Uruguay's Luis Alberto Lacalle, who were disputing the seat of an eventual regional school for the Blue Helmets' military training.

The agreement includes the bilateral exchange of military trainers who will offer training courses to the Latin American Armed Forces officers assigned to UN peace missions. The training courses will take place in both Argentina and Uruguay.

The Uruguayan Armed Forces have a unit of more than 1,100 men at the service of the United Nations in Mozambique, Western Sahara, Cambodia, Kashmir, and on the Egyptian-Israeli border, while Argentina has 1,200 men in UN Blue Helmet units.

Colorado Party Leads by 11 Points in Polls

PY2805001594 Madrid EFE in Spanish 0702 GMT 27 May 94

[Report by Alberto Pepe Leira]

[Excerpts] Montevideo, 27 May (EFE)—According to the latest polls, former President Julio Maria Sanguinetti's Colorado Party has increased its lead to 11 points for the elections scheduled for 29 November in Uruguay.

The significant preference for the Colorado Party increased after Sanguinetti achieved an electoral agreement with Senator Hugo Batalla, the leader of the social democratic Party for Government by the People, who will be the vice presidential candidate.

According to the results of a nationwide poll by the Consultants Team Company, the Colorado Party has 33 percent of the preferences while 21 percent of the voters remain undecided.

After the establishment of most of the presidential candidates, the Colorado Party has received the largest percentage of preferences in the polls since February 1993.

The Colorado Party has maintained an upward trend after it reached its lowest point—26 percent—in July 1991, one year after the National Party (Blanco) administration of President Luis Alberto Lacalle was installed.

The Blanco Party, which is in the government for the third time this century, has received the lowest preference rates of its history, with 13 percent in December 1992 and 17 percent a year later. [passage omitted]

The leftist coalition Broad Front comes second, but its popularity has dropped from 25 to 22 percent between April and May.

The coalition, established in March 1971, has been losing votes in Montevideo, its traditional electoral stronghold, during the past few months. [passage omitted]

Elections To Include Constitutional Reform

PY3105184894 Madrid EFE in Spanish 1733 GMT 28 May 94

[Text] Montevideo, 28 May (EFE)—Uruguayans will have the opportunity to vote on 29 November 1994 in the national elections and also for three constitutional reform projects. Two of these projects were made known this weekend.

The first project, which was approved by an ample majority in Congress, foresees national elections being held separate from municipal elections.

Of the two other projects, which were promoted by teachers unions through the popular mechanism of obtaining 10 percent of the signatures of those who figure on the election lists, one calls for a clause in the Constitution to oblige the government to set aside 27 percent of the national budget, or 4.3 percent of the GDP, for the educational sector.

The second seeks to prevent any modifications to the pension and social security system, which is now in the hands of the state, to avoid future privatizations.

If the proposal to improve the educational sector receives the required 1.2 million votes, the budget for education will increase from $380 million to $600 million.

The project for reforming the educational sector obtained 430,000 signatures, which must now be checked by the Electoral Court, while the pension and social security project obtained 280,000.

A minimum of 230,000 valid signatures of citizens registered to vote, 10 percent of those who are registered at the electoral offices in accordance with the Constitution, are needed to request a constitutional reform.

The presentation was made on the last valid day and Electoral Court President Juan Carlos Furest has said the court "now faces a dramatic situation due to the volume of last minute projects for constitutional reform."

The Electoral Court must now organize the election, and control and verify some 700,000 signatures.

Furest explained that these tasks surpass the physical capability of the Electoral Court.

He said the 1,500 Electoral Court employees have just finished the slow process of registering new voters and are now purging the registers of the balloting places where more than 2 million Uruguayans will vote on 19 November.

The cost of the elections, which has been estimated at $5 million, will increase due to the simultaneous voting.

Furest stressed that the Electoral Court will carry out its task and comply with the Constitution, but added that it will not be easy to double the work of the employees, who are working between 10 and 12 hours a day.

Minimum Wage Increases 9.11 Percent

PY2605233694

[Editorial Report] Montevideo EL PAIS in Spanish on 17 May publishes on page 1 an unattributed 100-word article on a minimum wage increase. The article says: "Minimum wages have been increased 9.11 percent, namely 431 pesos." The increase is retroactive to 1 May.

Venezuela

Caldera on Efforts To Overcome Difficulties

PA0106010994 Maracaibo PANORAMA in Spanish 28 May 94 p 1-8

[Report by Julio Reyes]

[Excerpts] President Rafael Caldera has outlined his government's decision to face difficulties with courage during a speech at a ceremony marking the 100th anniversary of the Chamber of Commerce of Maracaibo.

In his second visit to the region after becoming president for the second time, Caldera expressed his faith and optimism that the country will overcome the serious difficulties it is facing.

He said our problems are not the result of nature or Providence but, rather, of errors made in setting national policy. [passage omitted]

The president delivered a speech at the closing of the commemoration ceremony. He affirmed that there are large differences between the Venezuela that never knew what oil was and the Venezuela that experienced the oil boom, but, more important, he said was the fundamental fact that there now exists a "willingness to promote and open new possibilities and horizons."

He added: "Maracaibo is being increasingly incorporated into the nation's development each and every day, and it is constantly showing its ability to compete for the best position in the task of making Venezuela a prosperous country.

"We are, without a doubt, confronting a difficult situation that has not been prompted by natural causes, nor by the cyclical development of national life, but by the serious mistakes and errors in forming national policy.

"Within this difficult situation, however, there is undoubtedly a common objective, as has been outlined in the speech by Chamber of Commerce President Jorge Porras: 'It is the responsibility of all Venezuelans to overcome the obstacles posed by the current situation.'" [passage omitted]

The president also said: "We are convinced that our efforts to reactivate the economy will not be enough if we fail to understand that the fundamental objective is not wealth in and of itself, but wealth in favor of human needs to improve the standards of living of all human beings."

The president said the country is experiencing a yearning for victory, a feeling of hope, and a favorable outlook, adding that it has the deep feeling that there exists a healthy, firm, and decisive resolve to guide the nation toward meeting established objectives." [no opening quotation marks as published]

"At this moment, we feel there exists, both within and outside of Venezuela, a favorable trend to invest in various economic activities, because it is perceived that we live in a country blessed by nature and protected by Providence and that all well-intended initiatives will be successful."

He added that on this 100th anniversary of Maracaibo's Chamber of Commerce he sees signs of hope and encouragement for all Venezuelans.

Caldera remarked: "This 100th anniversary represents for all a great inspiration and the reaffirmation of self-esteem, which has been crippled in recent years."

Meanwhile, the president explained there are people who, in recent years, have experienced the diabolical pleasure of harming, destroying, and sowing doubts in our own country and ourselves.

Caldera concluded: "I feel that at this time it is our duty to fight to make the Venezuelan people take pride in our traditions. This is a time for action, faith, and unyielding resolve to get Venezuela back on its feet. We must recognize the difficult situation the country has been in, but we must also understand that there exists a vitality that will enable us to overcome these difficulties. There is a powerful national and regional vitality that lets us see that we will enter the 21st century with the distinct opportunity to progress and achieve reaffirmation and stability.

"I congratulate the people of Zulia at this commemoration. Here is a confirmation of endurance and a contribution in favor of the greater needs of the region and country."

Caldera Interviewed on Domestic Issues

PA3105180494 Caracas EL GLOBO in Spanish 30 May 94 p 2

[Report on interview with Venezuelan President Rafael Caldera by reporter Marcel Granier in Caracas on 29 March; first two paragraphs are an introduction]

[Text] President Rafael Caldera told Marcel Granier during an interview at the Radio Caracas Television Studios on 29 March that those banks which have received financial assistance from the Deposit Guarantee and Banking Protection Fund [Fogade] no longer belong to bankers, but, rather, to the country, and they will have to be rehabilitated in order to be privatized.

Certain aspects of the lengthy dialogue between President Caldera and Granier follow:

[Granier] President Caldera, when Venezuelans elected you as president of the Republic for a second time, the country was experiencing a serious political, economic, and social crisis. During the short time that has passed since you took office, we have observed a growing stabilization in the political arena. The instability, confusion, dislike, and contempt that have existed regarding politics have begun to vanish, and one senses the people have regained pride in their basic institutions. There is a revival of trust in that area. When will we be able to see the same stabilization we have witnessed in the political arena in the economic and social areas?

[Caldera] We are on the way. I am determined and convinced I will achieve it once the puzzle is assembled, but this country is in the midst of chaos; everyone is looking after his own interests. I want to urge my friends and colleagues at the university: Show the country that you feel as a part of Venezuela, that your problem is part

of a larger problem that affects the entire country, that you are willing to make sacrifices, as we all should, to get the country going.

The economic situation has been, undoubtedly, on the front burner. First, it was Banco Latino's intervention, which, despite being a very serious problem, was resolved, and satisfactorily, according to many. The intervention of Banco Latino has unveiled the fact that other banks were facing problems as well, that a systemic crisis was occurring. Those banks that receive financial assistance from Fogade are actually obtaining money the Central Bank withdraws from its reserves. The Central Bank gives these funds to Fogade, which, in turn, gives it to the banks, and rumors claim that bankers receive the money, which is untrue. These funds are given to depositors, savers, those who have suffered anxiety similar to that experienced by those involved in the Banco Latino case. Those people numbered almost as many depositors as those affected by the intervention of Banco Latino.

Incidentally, I would like to insist on this explanation. That money has not been given away; it was given to the banks in exchange for their shares, their assets, and their properties. Those banks no longer belong to bankers but, rather, to the country. The country will have to rehabilitate them in order to see whether it privatizes or sells them, and whatever profits are made from their sale will help reimburse the Central Bank for its loan to Fogade.

It has truly been a serious situation, but, fortunately, it is stabilizing. I have met, almost daily, with the Central Bank Board of Directors, discussing the problem over with them, and I have told them of my decision to take any necessary measures, because I am willing to put the country's interest above all. They have talked about it, studied it, and made various suggestions, and so far we believe the current system is heading toward a balance.

[Granier] It has been, undoubtedly, a significant move. Many are blaming the exacerbation of the problem on a lack of coordination of your economic team. Is that why you have made the cabinet changes the media published yesterday?

[Caldera] It is natural for a government team to be organized in accordance with its party. Adjustments may be implemented later, but a government team arrives with built-in machinery.

The English, for instance, have a proposed cabinet so that when the opposition assumes power it does so accompanied by its entire team. This is not the case here. We had a true convergence, and due to the participation of people from various trends, we have had to incorporate different views. Thus, the machinery has been organized, adapted, and the system has been established. The government team has worked hard. The problem is that we received this country in an extremely poor condition. I do not believe it would be constructive or prudent for the people if we were to persist in telling them of the disarray we have encountered.

Do you believe I am like Perez?

[Granier] Not at all, thank God.

[Caldera] Commander Chavez is the one person who you should not confuse me with Perez. I am not interested nor do I believe it is appropriate for me to engage in a discussion with him. I have given him every assurance for his return to civilian life and for him to use all the rights he has as a Venezuelan. If this is the way he feels, fine; he has the right to say so even though what he says many times borders on what the laws tolerate. Anyway, it is best for the country to hear him and for the country to begin seeing things the way they really are. It is best for the country to begin realizing who is who, how people think, and what they want.

[Granier] It has been said one cause of the economic problem is the many and contradictory statements the government spokesmen are making about it. Will the cabinet change mean the government will have only one economic spokesman?

[Caldera] According to the law, the Finance Ministry is the center of the government's economic policy. Dr. Julio Sosa is the government's most authorized authority in economic matters. Julio's full name is Julio Sosa Rodriguez. Somebody has said we are cousins, because I am Caldera Rodriguez. There is no kinship between us or between us and the Rodriguez relatives of Carlos Andres Perez.

We cannot avoid cabinet members speaking to the media at various activities. I have occasionally noticed this; some have different ideas, different points of view, and we have been working on this. This is why I am receiving reports from all the ministers at least once a week and from certain ministers several times a week. I have done this in compliance with a commitment, because I think the president, as the country's manager, must manage his government team. I have done this to create, to build a common position in the government. There have been difficulties, and I have not achieved a perfect situation, but I think we are marching in that direction.

[Granier] Currency exchange stability is very important for the economic stability we all want, but there are two other matters on which I would like for you to comment. Venezuela urgently needs investments, and they will be coming, basically, from abroad. To make changes possible, Venezuela needs programs of social assistance; that is, there are people who are more negatively affected when the value of the dollar rises from 120 to 160 bolivares. The economic recession that exists due to the hike in the value of the dollar, the drop in imports, and the reduction in oil exports has negatively affected economic growth. The impact of this situation is more severe on certain people more than others. What social assistance plans or programs does your government have?

[Caldera] I will begin by saying there is no single week during which I fail to receive the visit of one, two, or

more foreign investors who come to tell me of their plans to invest in Venezuela. I would like to see Venezuelan investors come to me in the same number as the foreign investors.

We have opened some doors. The Law for Construction of Works Using the Concessions System is most important, as acknowledged by the many people who are connected with the construction industry or the economy. This opens the doors for important public works that the state cannot carry out now and that need to be concluded, and this is why it is necessary to take advantage of investments. Those who use services are prepared to pay for them. Tolls on highways will be a heavy burden, but the people are willing to pay, because they will get where they are going quicker, more comfortably, and will save on fuel and car wear. For example, how long has it been since the opening of the Romulo Betancour Highway in the east?

We are again promoting the Program on Equipping Neighborhoods and Public Housing. This neighborhood program is very interesting, because in some of those neighborhoods there are houses built by the townspeople with great efforts, homes that are comfortable with fairly good amenities but without public services. There are no streets, no water, no sewage, and no telephones. We are trying to create awareness and the possibility of the communities living decently.

I realize that this drama that is over—I think it is, fortunately, over this matter of the dollar and the exchange rate—has produced, due to devaluation, another process of inflation and that this directly affects the poor sectors. We have to face that. I am prepared to make all the necessary efforts, serious efforts. I do not want to tell lies. I do not want to announce things that will not be carried out.

Economic Reform Minister Resigns

PA0106004994 Caracas Union Radio Network in Spanish 2200 GMT 31 May 94

[From the "Union Radio News" newscast]

[Text] Asdrubal Batista, Reform of the National Economy minister, on the night of 30 May submitted his irrevocable resignation from the post he occupies, because he disagrees with some changes in the economic policies that are being analyzed. Vicente Briceno has the story:

[Begin Briceno recording] It seems the resignation of Batista, who was responsible for devising short-, mid-, and long-term economic strategies, is because of alleged disagreements with Finance Minister Julio Sosa Rodriguez, who has steered the economic path toward positions Batista refuses to accept.

It was known the Executive Branch will not replace Dr. Batista, because it is believed he achieved most of the tasks President Rafael Caldera assigned to him. One such task was to draft a report on the prospects of the Venezuelan Corporation of Guayana.

Due to this situation, the economic expert reportedly refused to attend the questioning session scheduled for 1 June at the National Congress. The Miraflores Palace could not confirm the official report on Minister Batista's resignation. However, unofficial spokesmen reported it as fact. [end recording]

Caldera To Replace Investment Fund Minister

PA3105202194 Caracas Union Radio Network in Spanish 2200 GMT 29 May 94

[Report by Vicente Briceno from Miraflores Palace; from the "Union Radio News" newscast]

[Text] As we have reported, everything seems to indicate that President Rafael Caldera was prompted to replace Venezuelan Investment Fund [FIV] Minister Abdon Vivas Teran for failing to sell Aeropostal through the bidding process.

Fernando Egana, deputy minister of the Secretariat of the Presidency, has admitted that the chief of state has made this decision, because he wants to accelerate the process of privatization. He has added the former minister has established the bases for this policy and the government will develop it:

[Begin recording] [Egana] He has established solid and important bases, and the government will continue his efforts on such bases.

[Unidentified reporter] Is there anything concrete in this regard?

[Egana] A plan of privatization is already under way.

[Reporter] What is in store for Vivas?

[Egana] The president of the Republic will decide.

[Reporter] It was said the first attempt at privatization has failed. Will changes be made? Will a new element be introduced to make it more effective?

[Egana] Using the bases already established, the government will try to make greater efforts to attract foreign investments that are needed at this time. [end recording]

When asked whether the MAS [Movement Toward Socialism] will have a greater role in the government in view of the changes, Egana has said the country has achieved greater participation during the administration of President Caldera.

New Ministers Make Remarks, Announce Plans

PA3105144394 Caracas Union Radio Network in Spanish 1100 GMT 31 May 94

[Report by Vicente Briceno; from the "Union Radio News" newscast; passages within quotation marks recorded]

[Text] One of the first new ministers to comment was Ciro Zaa, transport and communications minister. He pledged to wage an all-out struggle against administrative corruption at the Transport and Communications Ministry, adding that will be one of the first tasks he will undertake as minister.

[Zaa] "I also want to announce that I will invite the deans of the engineering schools to work together to vindicate national engineering by solving the problem of the black stain [mancha negra]."

Carlos Bernandez, the new state minister and president of the Venezuelan Investment Fund, has affirmed the government's commitment to devise a clear and extensive process of privatization with the participation of national and international investors. He has rejected the prevailing arguments to avoid privatization of the airline Aeropostal Venezolana, because, according to him, all airlines can be privatized.

[Bernandez] "I don't believe there may be reasons not to privatize anything. I think we must analyze the possibility of privatizing all enterprises in the state's hands; moreover, when there is talk of privatization, sometimes the very term is not necessarily clear. What we must do is debureaucratize the state."

Meanwhile, Development Minister Alberto Poletto has announced he will officialize on 1 June a new 90-day extension of the freeze of medicine prices but, rather, with a moderate adjustment taking into consideration social circumstances and the rate of inflation. Poletto has said he will strongly fight speculation, adding he will use all legal means to apply severe measures; nevertheless, he made it clear there will be no price controls.

[Poletto] "We must differentiate between price increases stemming from economic adjustments, such as the process of devaluation, and those derived from speculation by the private sector. I will strongly act against the latter and will try to do all I can to prevent this from happening."

We have also received reports from the Presidential Palace stressing the restructuring of Inavi [National Housing Institute].

Francisco Gonzalez, acting urban development minister, has announced Inavi will be reorganized to make it play an important role in consolidating and equipping neighborhoods throughout the country.

[Gonzalez] "I believe Inavi has a fundamental role to play in supporting the establishment of new regional housing institutes in all states and regions; this will permit new housing institutes to organize themselves under standardized criteria, thus avoiding the creation of ill-conceived institutes and additional disorder in this process."

Alfredo Gruber, the new president of the Venezuelan Guayana Corporation, has made statements favoring [words indistinct] strategic, similar to those signed in the oil industry. The high-ranking official has explained he will analyze each case that requires the participation of the private sector in order to stimulate and promote the various industrial sectors of the Venezuelan Guayana Corporation affiliates.

[Gruber] "After conducting an analysis upon the president's request, we must implement the recommendations that are in the country's best interests."

Finally, Luis Carlos Palacios, incoming Cordiplan [Central Office of Coordination and Planning] minister, has said the adjustment in exchange recently implemented by the Central Bank of Venezuela will reduce the fiscal deficit to zero.

[Palacios] "The government's initial fiscal deficit for this year was set at 2 percent of the gross domestic product. Now, with the exchange rate, I am under the impression the government's fiscal deficit will disappear, and a quasifiscal deficit in the monetary area will appear. I will work to evaluate the annual operating program."

Political Parties Comment on Cabinet Changes

PA3105214294 Caracas Union Radio Network in Spanish 2200 GMT 30 May 94

[From the "Union Radio News" newscast]

[Text] The National Committee of the Social Christian Party [COPEI] today analyzed the cabinet changes made over the weekend by President Rafael Caldera. The COPEI leadership believes the country's problems will not be solved with simple cabinet changes.

The National Committee's conclusion was announced by Acting Deputy Secretary General Freddy Delgado Dalo who said that it is necessary to establish a coherent policy.

[Begin Delgado recording] The National Committee believes that simple cabinet changes, in this case by rooking [enroque], will not solve the country's problems. The country is demanding the definition of policies and coherence in government policies, not the substitution of some men for others. [end recording]

Meanwhile, Segundo Melendez, leader of the Movement Toward Socialism [MAS], said that these changes are appropriate.

[Begin Melendez recording] As you know, we expressed our views on this last week. The decision made by the president is aimed at something we believe to be essential, and that is the need to create coherence and unity in

the economic cabinet. This is very important for conducting the overall economic policy. [end recording]

Democratic Action Party leader Pedro Tabata Guzman has said that it is necessary to see how effective these changes really were.

[Begin Tabata recording] With this rooking move made by the president, all he did was create expectations. For some time now we have been saying that there was much incoherence among those who formed President Caldera's economic cabinet. I believe we must now wait to see if things change. [end recording]

Meanwhile, the Radical Cause Party believes that the changes have been appropriate. This was announced by party leader Pablo Medina.

[Begin Medina recording] Some appointments seem to be appropriate. We believe that naming Pompeyo Marquez as head of the government's social programs is quite appropriate. Also appropriate is the appointment of Ciro Zaa as transportation and communications minister since the former minister's actions had been questioned by former Deputy Minister Rafael Iribarren. However, in general terms, we do believe the bankers have greater control of this cabinet. The fact that Julio Sosa remains as finance minister, that Carlos Bernardez was appointed president of the Venezuelan Investment Fund, and that Gustavo Roosen remains in an overly privileged position, indicates that the country's bankers have made progress in controlling the cabinet. Despite this, some of the changes made do seem appropriate. [end recording]

However, National Convergence believes that the growing number of bankers in the cabinet has a clear purpose. This was said by National Convergence Deputy Jose Miguel Uzcategui.

[Begin Uzcategui recording] There is a financial crisis, and the least that can be done is to reinforce the financial sector. If there is need to create an environment of trust in our economy and the future of our currency, then appointing experienced men, successful men—these men have not failed in their profession—is positive. Therefore, I do believe it is a positive move to create this image of credibility. All of them have been involved in banking activities with substantial and excellent banks. [end recording]

Social Cabinet To Implement Social Programs

PA3005013894 Caracas Union Radio Network in Spanish 2200 GMT 26 May 94

[From the "Union Radio News" newscast]

[Excerpts] The social cabinet installed on Thursday at the Miraflores Presidential Palace will benefit approximately 5 million persons who live in extreme poverty, a matter of concern for the national government. This was announced by Family Minister Mercedes Pulido de Briceno when she installed the social cabinet. The minister indicated that the situation of unemployment, inflation, and shortages of basic products demand an expeditious and permanent social policy to benefit the needy sectors.

The minister highlighted the importance of the social cabinet that will meet every Wednesday at the Miraflores Presidential Palace to discuss social aid programs targeted for families with scarce economic resources. Pulido de Briceno said that with this new program not only the social sector but also the economic sector will be taken into account. In terms of this, she highlighted the use of generic drugs by the population and price control to avoid rampant prices hikes. [passage omitted]

Meanwhile, Nancy Montero de Sanchez, new president of the National Institute of Minors, was sworn in by President Rafael Caldera. Montero de Sanchez announced the implementation of a violence prevention program for minors who are social outcasts as a result of the crisis the nation is experiencing. [passage omitted]

Finance Minister: Economic Guarantees To Be Restored

PA2805181494 Caracas EL NACIONAL in Spanish 25 May 94 p E-8

[Text] Economic guarantees could be restored this week once the executive promulgates the Law on Conspicuous Consumption and Wholesales, Finance Minister Julio Sosa Rodriguez has said. He appeared before the bicameral commission specially appointed by Congress to study Decree 51.

Julio Sosa Rodriguez explained that the suspension of guarantees was justified while the juridical basis to eliminate the value added tax was determined. However, with this week's promulgation of the Law on Conspicuous Consumption and Wholesales, the intention of the government is to reinstate economic guarantees.

In light of lawmakers' questions on whether the speculation unleashed by the increase in dollar prices would prompt authorities to maintain the measure allowing the executive to implement price control actions, Sosa Rodriguez asserted there are mechanisms that can be implemented. He added these mechanisms do not have anything to do with the suspension of economic guarantees.

The minister insisted the executive will use all resources before implementing foreign exchange controls, because this measure would not benefit the country. Sosa Rodriguez expressed he hopes the situation will normalize with the implementation of the new foreign exchange sales provision adopted by the Central Bank. He stated there are no reasons to justify an uncontrolled increase in U.S. currency.

The minister announced he will travel on Thursday to the United States, where he will meet with representatives of the IMF and the banking sector to explain

Venezuela's situation, to try to restore confidence among international economic sectors.

He hinted at the possibility the government may present in the short term a compensatory bond plan for salaries and social programs, which would benefit the poor. Nevertheless, he did not make specific announcements because these measures are now under study at the Ministries of Development and Labor.

Commissioner Roosen on Dollar, Bank Subsidies

PA3105161094 Caracas Union Radio Network in Spanish 0200 GMT 29 May 94

[From the "Union Radio News" newscast]

[Text] Gustavo Roosen, presidential commissioner for reform of the financial system, met with President Rafael Caldera, Central Bank President Antonio Casas, Deputy Finance Minister Luis Javier Grisanti, and Andres Caldera, minister of the Secretariat Presidency, at Miraflores Palace on 28 May. They analyzed the aspects of sales of foreign currency in view of the dollar's gradual decline in relation to the bolivar.

Roosen said the reduction in the price of U.S. currency will establish a fair rate of exchange regarding the bolivar, according to the developments of the foreign exchange market.

Meanwhile, Roosen commented on the subsidies granted by Fogade [Deposit Guarantee and Banking Protection Fund] to certain financial institutions. He warned that if the loaned money is not repaid on schedule, namely 7 June, these banks will be transferred to state hands.

[Begin Roosen recording] We can coordinate theo administration of banks' finances in order to cover the deficiencies a bank may have at a given time, because we will all be shareholders. Banco Latino has a significant cash surplus, which has been exchanged for zero-coupon bonds. Banco Latino does not have any limitations; on the contrary, it is ready to sell these bonds to support its fellow banks owned by Fogade. This will permit them to generate—what I have heard so many times—[words indistinct] short of financial assistance, as part of the financial system without resorting to the zero-coupon market. We have been working on this topic this week, and the principle of autonomous financial management for Fogade is being consolidated, empowering it to supervise and take action regarding the banks they will own and supervise. [end recording]

BCV President Optimistic of Currency Stability

PA2705151894 Cara[illegible]L NACIONAL in Spanish 26 May 94 p E-12

[Report by Yolanda Ojeda Reyes; quotation marks as published]

[Text] Last night a meeting was held at the Miraflores Presidential Palace, where there was word of what BCV [Central Bank of Venezuela] President Antonio Casas Gonzalez called "the good news" of yesterday's "great tendency for foreign exchange to stabilize." Bankers offered their support to the present system because the BCV promised to supply currency according to market offers, making rational use of international reserves, which are at an "adequate level."

Tuesday's increase in the dollar exchange rate came as no surprise to the BCV, "because a free system was instituted." The BCV had to supply currency according to market offers; this is what it is all about. "We do not accept rumors of exchange control, because we are not thinking of this. International reserves are at an adequate level (did not mention the amount), which gives us sufficient flexibility to cover import needs and to face the exchange rate situation."

The BCV directorate hopes that yesterday's trend repeats itself in the next few days and that our currency finally stabilizes. The directorate added that businesses and people who purchased dollars over the past few weeks unloaded them in view of the possibility that exchange rates could drop and they "might lose." The BCV directorate is aware of an important transaction among three banks involving $4 million. Casas Gonzalez affirmed that there should be trust in the bolivar, which is backed by the BCV. "There are no great dangers at this moment; we need to change our attitude and not speculate."

Regarding interest rates, Casas Gonzalez said that it is impossible to reduce them with the expectation of inflation; "if we do, the flight of capital increases. It is an illusion to say that interest rates can be reduced. One cannot stop dollars from leaving or attract investments without real positive interests." We have ruled out the so-called solidarity commitment to reduce the productive sectors' active rates, which was proposed by [Commissioner for Financial Reforms Gustavo] Roosen. "This does not mean that we agree with the situation, but all countries defend their currency with this mechanism."

He added that the "crawling peg" [preceding words in English] system was given up on 1 May because it was no longer effective. This is no time to think there is a perfect system "when we are living a situation such as this where there is a crisis of confidence."

We seek a balance between availability and demand. Reserves are used as cautiously as possible. While supplying the market to stabilize the bolivar, "the struggle to maintain reserves continues being a priority, but, along with reserves, we want stability. We cannot change the currency market scheme overnight."

Regarding [Finance Minister Julio] Sosa Rodriguez's statement that the dollar exchange should be set at 150 bolivares, Casas Gonzalez said that this is determined by the market. "We hope it will be more or less this amount. Some technicians have estimated this, but I cannot give an exact amount, because I do not know what psychological factor will affect the rate."

We know that there is a back order and that this is why we have to supply the market to cover part of it, but there is also much artificial demand." [New BCV director] Domingo Maza Zavala was the most notable absentee. The finance minister came out of the meeting satisfied and said "tomorrow (today) I will meet with the IMF president."

Central Bank Head on U.S. Dollar, Exchange Rate

PA3105201794 Caracas Union Radio Network in Spanish 0200 GMT 29 May 94

[Report by Vicente Briceno from Miraflores Palace; from the "Union Radio News" newscast]

[Text] According to Antonio Casas Gonzalez, president of the Central Bank of Venezuela, the U.S. dollar's downward trend is making it very unlikely to implement controls on foreign exchange. Casas has said that although he respects Dr. Maza Zavala's opinion in this regard, he opposes Maza's proposed formula, because the nonexistence of a parallel market with the application of the auction system will lead to a single bolivar-dollar exchange rate.

Casas briefed President Rafael Caldera on the progress of the foreign exchange market during the course of the week, following implementation of a new exchange system. He has said the U.S. dollar has been revalued, but there is a downward trend on dollar prices.

The Central Bank president has agreed with Finance Minister Julio Sosa Rodriguez that the exchange rate could ultimately be set at 150 bolivares per dollar.

[Begin recording] [Casas] I would say the exchange rate could be set at approximately 150 bolivares per dollar. I would not dare quote an exact figure, because there is a psychological demand that still exists, but this demand has been reduced. You can now see there are no lines at currency exchange facilities, but we do not know yet how much of that psychological demand....

[Unidentified reporter, interrupting] Will the....

[Casas interrupting] That is not a real demand; therefore, the demand must continue to go down.

[Reporter] Will the demand for the U.S. dollar continue to decrease?

[Casas] We think so, because there is still some psychological demand.

[Reporter] Will this system [words indistinct]?

[Casas] Yes, it has yielded very positive results. First, because the exchange rate has declined, and second, because it has taken us to a single exchange rate, which is very open.

[Reporter] Are we moving toward a unique rate of exchange?

[Casas] Obviously, as can be seen in the graphs published recently.

[Reporter] How long will this process take?

[Casas] We have practically reached a single exchange rate. If you see the curves....

[Reporter, interrupting] [Words indistinct] stabilization?

[Casas] The important thing is stabilization. A country without a stable currency.... [pauses] Venezuelans must have confidence in our currency. This country has much to give. [end recording]

The fact of the matter is the government and directors of the Central Bank of Venezuela are optimistic and confident about the complete normalization of the foreign exchange market.

Industrialists Urge Banks To Restructure Debt

PA2805015494 Caracas EL NACIONAL in Spanish 25 May 94 p E-8

[Report by Alicia Aguilar]

[Text] Eleven regional industrial and three sectorial chambers have agreed to declare a total emergency and initiate progressive, "increasingly vigorous" actions to make commercial banks aware of the urgent need to restructure and refinance the Small- and Medium-Scale Industry's [Pymi] debt.

The actions are sponsored by the chambers of Caracas and the States of Miranda, Anzoategui, Aragua, Barinas, Carabobo, Merida, Nueva Esparta, Tachira, and Trujillo, as well as the industrial chambers of the footwear, manufacturing, and plastics industries, whose registered enterprises suffer acute production stagnation, loss of investment, and decapitalization problems.

For this purpose, the chambers are backed by Corpoindustria, an organization that announced its willingness to present in the Congress an Emergency Refinancing Bill to take the sector out of the stagnation it suffers.

According to a report by the VeneConsultants firm for Conindustria, the industry's profits have been lower than the amounts paid in interest rates. The problems thus resulted in some prompt, radical positions, which urge protection for the financial system while the production system is on the verge of collapse.

During a recent meeting of a group of important industrial chambers and associations, the financial assistance provided by FOGADE [Guarantee Fund for the Protection of Bank Deposits] to "compensate for the irregular handling of the depositors' money" was seriously questioned. Some of the strong expressions heard went like this: "While we had to compete for exports, the banks got financial assistance." "While the doors of financing

are closed for us, banks are benefited by the Zero Coupon." "We cannot obtain dollars, but the banks can obtain them exclusively."

The industrialists reported that Banking Association President Jose Bouza Izquierdo's pledge that compulsive collection would not be affected is not being made good. This is the case for the footwear industry, whose representative organizations, Cavenic and Anpmicals, say the indebtedness index in the sector tripled in the past few months, thus increasing the final cost of the finished product, whose price increases "without receiving any bank assistance. Quite the contrary, they are the recipients of stronger and more pressing actions from the banks."

According to Deputy Development Minister Warner Corrales Leal, the government is also concerned with the problem. He said the Executive Branch is waiting for "the banks to demonstrate the same expeditiousness in solving these problems." Frankly, he said, the ministry would like to receive from the banks clearer signals that they are indeed concerned and that they are doing everything possible, just as the government is doing.

The ministry's criticism is shared by Corpoindustria, where the problem is seen to become more complex with the rise in the price of the dollar because already raw material suppliers are quoting prices in foreign currency and shortening payment terms.

Manuel Gallegos, Corpoindustria acting president, has reported that FIV [Venezuelan Investment Fund] is considering negotiating a $100-million loan with Citybank, a loan which will make it possible for Corpoindustria to refinance part of Pymi's debt with this organization, which amounts to 7 billion bolivares, of which 1.7 billion bolivares are overdue. Also, a joint action by Corpoindustria, Foncrel, Sogamoi, and Banco Industrial de Venezuela is being prepared to create a bloc for financing and industrial support.

Roundup of Economic Developments

PA0106003294

[Editorial Report] The following is a compilation of reports on Venezuelan economic developments monitored through 31 May.

Approximately 25,000 enterprises in Zulia State have been thrown into a recession because of the latest fluctuations of the bolivar. One business sector representative explained that the dollar auction mechanism is hurting Venezuelan businessmen. He said inflation and the lack of imported supplies are two short-term consequences of the instability in the exchange rate. He predicted there may be long-term mass layoffs and company closures as a result of the economic decline. (Caracas Union Radio Network in Spanish 0200 GMT 22 May 94)

Energy and Mines Minister Erwin Jose Arrieta has announced Venezuela will obtain an additional $120 million as a result of higher prices on the international oil market. He explained that higher oil prices resulted in $70 million in additional revenues last month. Arrieta attributed the increase in oil prices to temporary conditions, such as repairs in North Sea oil facilities, Nigeria's domestic situation, the conflict in Yemen, and increased consumption by industrialized nations. (Caracas Union Radio Network in Spanish 2200 GMT 26 May 94)

Venezuelan exports to Andean Group countries increased by 40.6 percent in the first quarter of the year, going from $195 million in the first quarter of 1993 to $275 million in 1994, according to estimates by the Cartagena Agreement Board. According to the figures, Venezuela replaced Colombia as the largest exporter in interregional trade. The estimated value of interregional trade amounted to $698 million. (Caracas EL NACIONAL in Spanish 27 May 94 p E-7)

Government To Privatize Power Companies

PA3005010194 Madrid EFE in Spanish 1550 GMT 28 May 94

[Text] Caracas, 28 May (EFE)—The Venezuelan Government has put an end to the uncertainty surrounding the future of state-owned power companies by announcing today that, starting in September, these companies will be privatized.

Eduardo Calero, manager of the electrical sector of the Venezuelan Investment Fund (FIV), said that initially the Central Plant and Enelven-Enelco [expansion unknown] companies will be auctioned, and in early 1995 the process will continue with the privatization of two other regional companies.

The transfer of the power companies to the private sector has been planned for over four years, but during that period various factors emerged—most of them political—which prevented the process from materializing.

According to Calero, the government no longer considers privatization as a means of reducing the size of government but as "an immediate financial necessity," prompted by the acute economic crisis the country is experiencing, which has become worse because of the accelerated devaluation of the national currency.

The FIV official also announced that within the short term power rates will be revised because companies in the region have been seriously affected by the devaluation of the Venezuelan bolivar with regard to the U.S. dolar.

Products, imported raw materials, and the payment of debts abroad now pose a considerable problem for the power companies, which must pay their commitments in dollars, while their rates are fixed in a currency that has been devaluated by 30 percent over the past two months, Calero said.

In any event, he explained, the cost of the devaluation will not be directly transferred to the rates; instead, he said, "the increase in rates will depend on the extent to which each power company is willing to assume part of the expense caused by the weakening of Venezuela's currency."

Participants in Coup Attempts To Be Promoted

PA3105154594 Caracas Union Radio Network in Spanish 0200 GMT 29 May 94

[From the "Union Radio News" newscast]

[Text] Defense Minister General Rafael Angel Montero Revette has said certain officers involved in the 1992 coup attempts will be promoted to the next rank on 5 July after the head of state approved the list proposed by the qualifying board and the four branches of the military institution.

[Reporter Vicente Briceno] Gen. Montero Revette has made the announcement from Miraflores Palace, disclosing the decision by the president with whom he met for approximately three hours to review the military promotions that will be submitted to Congress in the coming days.

Through the Senate's Committee of Defense, Congress will study the appropriate files. Montero has reported the approval of the following promotions: 30 brigade generals, 10 of which are in the Army, six in the Air Force, eight in the National Guard, and six Navy rear admirals. Also up for promotion are 120 colonels, broken down as follows: 40 in the Army, 25 in the aviation division, 35 in the National Guard, and 20 ship of the line captains in the Navy.

As the minister explained, the promotions to the ranks of vice admirals and division general were left pending for next week because President Rafael Caldera was unable to review them. Montero has said that based on a decision by the president, a group of officers from the four branches who participated in the 1992 coup attempts will also be promoted on that same date.

[Begin Montero recording] These officers, primarily from the Army, rejoined the force more than two years ago and are working in troop commands in different posts of the organization. They have the same rights and duties of other officers. For that reason, those entitled to a promotion are evaluated. He may or may not be promoted, but not due to the coup attempts, because that is over for us. [end recording]

[Briceno] The defense minister has added that, like the officers who participated in the 1992 coup attempts, the enlistees who joined them in these actions will also be promoted. President Caldera has dropped the charges against these soldiers.

Commenting on the return to the country of General Francisco Viconti, Montero has said President Caldera, as Armed Forces commander in chief, and the Defense Ministry have felt his return to military active duty is impossible; for that reason, he will be discharged.